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Austria	Sch30	Indonesia	Rp3100	Pakistan	Rs32
Bahrain	Din0.900	Iran	[illegible]	Philippines	[illegible]
Belgium	BFr65	Israel	[illegible]	Poland	[illegible]
Cyprus	C£1.00	Italy	L2200	Portugal	Es175
Czech	Kcs35	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr13	Korea	Won2000	S.Arabia	SR8.00
Egypt	E£2.50	Kuwait	Fils500	Singapore	S$4.10
Finland	FM10	Lebanon	L£1,000	Spain	Pta175
France	FFr8.00	Lux	LFr60	Sweden	SKr13
Germany	DM3.80	Morocco	MDh10	Switz	SFr2.70
Greece	Dr200	Neth	Fl 3.50	Thailand	Bht50
Hungary	Ft162	Nigeria	Naira15	Tunisia	Din0.800
Iceland	IKr160	Norway	NKr13.00	Turkey	L5000
India	Rs20	Oman	OR1.25	UAE	Dh8.00

BANKING CRISIS

Changing times in Norway

Page 25

World News

Bush names Skinner as White House chief of staff

President George Bush appointed transportation secretary Samuel Skinner as chief of staff in place of John Sununu, the former governor of New Hampshire, who resigned earlier this week. Page 20

Yeltsin treaty warning

Russian president Boris Yeltsin warned that a union treaty between the former Soviet states was impossible without the Ukraine. Page 2

Backing for Libya

The Arab League, in a show of support for Libya, called on the UN to join it in studying western charges that Tripoli was behind the 1988 bombing of a US jumbo jet over Scotland. Page 4

Cresson about-turn

A revolt by parliamentary members of France's governing Socialists has forced the cabinet of Edith Cresson into an about-turn in its compensation scheme for blood transfusion victims infected with Aids and other diseases. Page 2

Uranium missing

The UK Atomic Energy Authority shut down its Dounreay nuclear reprocessing plant in Caithness, Scotland, after the discovery that it had mislaid about 20lb of highly enriched uranium – just enough to make an atomic bomb. Page 8

Walesa's power plea

President Lech Walesa urged parliament to give him greater powers to appoint Poland's government and then to allow the council of ministers to legislate by decree. Page 3

Bosnia wants UN help

Officials from the Yugoslav republic of Bosnia-Hercegovina want UN peacekeeping troops to be sent to the ethnically-mixed region. Page 3

Junk bond conviction

Charles Keating, a key figure in the US savings and loan scandal, has been convicted on 17 counts of defrauding investors of millions of dollars through the sale of worthless junk bonds. Page 6

Marcos payments denied

Seven Japanese companies denied accusations in Manila that they had paid $54.8m in illegal kickbacks to the family of the late President Marcos of the Philippines. Page 4

Hoxha widow arrested

The widow of Albanian dictator Enver Hoxha has been arrested on corruption charges, the country's chief investigator announced.

Shooting spree kills 38

Suspected Sikh insurgents went on a 20-minute shooting spree in the northern Indian town of Tohana in Haryana state, killing at least 38 people.

Sir Roy Welensky dies

Former Rhodesian federation prime minister Sir Roy Welensky died in hospital in Dorset, England, aged 84.

Taken to the cleaners

Diplomatic mail from Canada's high commission in London was sent by mistake to a London jail to be laundered with empty mailbags. Page 6

Business Summary

Bundesbank warns unions against high wage claims

The Bundesbank yesterday issued a stern warning to German trade unions not to push for higher wage deals next year. Recent wage claims have exceeded 10 per cent, with settlements at nearly 7 per cent.

The German central bank made clear it was not loosening the reins while inflation remained high. It set a 1992 target range of between 3.5 per cent and 5.5 per cent for M3, the broad monetary aggregate. Page 2

IBM of the US is creating three subsidiaries and restructuring operations as part of sweeping changes at the world's biggest computer company. One arm will take over computer printer operations, another data storage products and the third, personnel hiring services. Page 21, Details, Page 26

ASTRA, Swedish pharmaceuticals group, has agreed terms with US drugs giant Merck to form a joint venture to market Astra's products in the US. Astra can acquire 50 per cent of the new company. Analysts believe the stake could cost $500m.

HEINEKEN, Dutch brewery group and the world's third biggest, is to build and run a beer brewery near Ho Chi Minh City, Vietnam. Page 21

METALLGESELLSCHAFT, German metals to engineering group, reported a 35 per cent pre-tax profits fall to DM316m ($190m) in the year to end September but hopes for better results this year. Page 21

DEUTSCHE BANK, Germany's biggest, increased group operating profits by 21.7 per cent to DM5.2bn in the first 10 months of the year and forecast a good full-year result. Page 24

BRITISH AEROSPACE is negotiating to merge its space business with that of Matra Marconi Space, a joint venture between Matra of France and the UK's General Electric Company. Page 21

PILKINGTON shares gained 10p to 121p in London despite a halving of the UK-based glass maker's interim pre-tax profits to £50.6m ($89.6). The results were better than analysts had expected. Page 21; Lex, Page 20

GRAND METROPOLITAN, international food, drink and retailing group, beat market forecasts with a 4.8 per cent rise in annual pre-tax profits to £963m ($544.1m) and forecast more progress in 1992. Page 21

AUSTRALIA's gross domestic product slipped to 0.3 per cent in the three months to September. The announcement came hours after treasurer John Kerin declared the economy had emerged from recession. Page 4

UK GAS: British government is poised to sign a treaty that will allow the first exports of gas from the UK to the Continent. The deal is with the Netherlands. Page 32

ARGENTINA's inflation rate has fallen to its lowest for 20 years. Retail prices rose only 0.4 per cent in November, equivalent to an annual rate of less than 5 per cent. Page 20

Central bank attempts to restore dwindling foreign confidence in the krona

Sweden lifts bank rate by six points

By Robert Taylor in Stockholm and Jim McCallum in London

SWEDEN'S central bank yesterday introduced a swingeing rise in interest rates in an attempt to restore dwindling foreign confidence in the krona.

The bank's marginal interest rate to banks was lifted by 6 percentage points from 11.5 to 17.5 per cent after a heavy net outflow of capital from the country, amounting to more than SKr26bn in the past two-and-a-half weeks.

Mr Carl Bildt, the Swedish prime minister, said the rise was necessary to show the country's determination not to devalue and to stand by its current exchange rate policy.

"We have been infected by Finland, but we have not got the disease," he said, adding that the rise was "a tough measure at a tough time to make a tough policy possible – but there's no other way".

Mrs Ann Wibble, the finance minister, also stressed that the increase would underline that there was no alternative to the present strategy.

The government said it would pursue strict monetary policies in line with those of the European Community which it hopes to join on January 1 1995.

The financial crisis of confidence affecting Sweden has brought to a sudden end the brief honeymoon of the non-socialist coalition which took office less than two months ago without an overall parliamentary majority.

Mr Bildt insisted the government would be able to achieve the necessary parliamentary support for its free market policies to revive the Swedish economy.

The rightwing populist New Democracy party, which holds the balance of power, said it would back government measures to cut spending, including a year's freeze on the value of child allowances.

Along with the overall effect of sharply higher interest rates on the population generally, the bank's move will particularly hit Swedish industry, which is already in deep recession.

Mr Ingvar Carlsson, the Social Democratic leader, said the rate rise could only deepen Sweden's economic recession and cause higher unemployment. The jobless rate, now 3.1 per cent and rising, is politically sensitive in a country used to full employment.

Mr Bengt Dennis, the central bank governor, sought to reassure Swedes worried about how the higher rates would hit their home loans. "Our experience from the 1980s is that these big interest rate increases do not remain in force for very long," he said.

Both Mr Bildt and the Mr Dennis blamed "circumstances outside Sweden's borders" for the rapid deterioration in capital flows. In particular they blamed the effects of Finland's 12.3 per cent devaluation of the markka on 15 November.

Mr Dennis said overseas confidence in the krona had also been hit by concern over the heavy losses of the Nordic banking system and by uncertainties surrounding next week's EC summit at Maastricht.

He said there had been strong efforts to persuade international markets that Sweden's problems were different from those of Finland, but these had as yet had little effect.

Overseas investors are looking ahead to the detail of the government's first budget – due on 10 January – to see whether the coalition will be able to make the necessary spending cuts to restore confidence in the economy and introduce measures to contain Sweden's soaring budget deficit which forecasts indicate could climb to SKr90bn in 1992-1993.

On foreign markets yesterday, international investors sold krona but Swedish companies, encouraged by the bank's action, turned buyers.

Mr Jöran Bronner, chief currency trader at Skandinaviska Enskilda Banken's London branch said the central bank had spent almost 25 per cent of its reserves defending the krona in the past two weeks. Yesterday the central bank was selling to rebuild its depleted reserves.

There were fears last night that the currency crisis in Sweden could also affect the Norwegian krone where interest rates might also have to rise to calm the markets.

All Maxwell assets up for sale in break-up of private companies

By Robert Peston, Raymond Snoddy and Roland Rudd in London

MR ROBERT MAXWELL and his two younger sons were together responsible for making loans from the Mirror Group Newspapers pension fund to the family's private companies, according to senior directors of the company.

This emerged as Mr Kevin Maxwell and Mr Ian Maxwell yesterday gave up their fight to preserve the business empire created by their father.

They placed Headington Investments and Robert Maxwell Group, the two master companies of the private empire, which consists of 400 companies in total, into administration under UK insolvency law.

The New York Daily News, the loss-making tabloid newspaper that was acquired with much fanfare last March by Mr Maxwell, separately filed for protection under US bankruptcy laws.

Creditors of the private companies face "significant" losses, according to Mr John Talbot of accountants Arthur Andersen, who was appointed as administrator.

He refused to quantify the losses. However, bankers with a close knowledge of the families affairs said that the banks, led by National Westminster Bank, are likely to recoup no more than two thirds in total of the £900m ($1.6bn) they have lent to the private companies.

EMPIRE'S COLLAPSE

"It has been ghastly today", said a director of one bank owed tens of millions by the Maxwell private companies. "We were all expecting this, but it does not make it any easier when it happens".

The outlook is worse for the public companies, MGN and Maxwell Communication Corporation, which together are owed about £700m. Their pension funds are likely to receive no more than £100m of the £400m they are owed. MGN said yesterday that at least £350m had been removed from its pension fund alone.

The public companies may get nothing at all. MCC secretly lent at least £240m to the private companies. MGN believes that a further £50m has disappeared from its accounts, on top of the £45m which vanished after it was supposed to be invested in gilts by a Maxwell private company.

In a separate development, Swiss Bank Corporation – which issued the original invitation to Britain's Serious Fraud Office to investigate the private companies – yesterday appointed its own receivers, the accountants Touche Ross, to a Maxwell private company in order to recover £55m.

The big UK clearing banks are owed an estimated £435m by the private companies. NatWest, which led the attempts to save the companies from administration, is owed at least £150m. Bankers said that NatWest's total exposure could be £220m. Lloyds is second biggest UK bank creditor, owed at least £80m and possibly as much as £120m.

Bank share prices fell sharply yesterday because of fears about the losses they face on their Maxwell exposure.

Bankers warned that MCC's value could be slight, because of its exposure to the private

Continued on Page 20

European president Jacques Delors in Brussels yesterday
Delors makes light of UK worries about the 'F-word'. Page 2

Areas for EC unity become clearer

By David Buchan in Brussels

THE areas – but not the shape – of compromises between European Community leaders at next week's Maastricht summit became clearer last night as the Dutch presidency produced its final draft treaty on political union.

A letter accompanying the final draft said it contained no new proposals on the "federal" wording of the treaty's preamble, or on the social policy provisions the UK is strongly contesting, or on Spain's demands for "cohesion" money for poorer states. But the Dutch presidency "is ready to present new proposals" on these issues at Maastricht.

A senior UK official predicted these three issues would be "the last to be settled" at the summit which is planned for next Monday and Tuesday, but which may run on to Wednesday.

It has become clear that Britain will succeed in having removed the current preamble's reference to the European union having "a federal goal." It has been assumed that Britain would have to concede

Continued on Page 20

Summit countdown. Page 2
UK cabinet meeting. Page 6

Agnellis volunteer to bid for all of Perrier holding group

By William Dawkins in Paris

ITALY'S Agnelli family yesterday enlarged its offer for two thirds of Exor, the holding group which controls Source Perrier, the leading French mineral water group, to include all of Exor's shares.

The move will cost Ifint, an Agnelli holding company, an extra FFr1.8bn ($184m) if all Exor shareholders accept.

The gesture is significant because it is not necessary under French takeover regulations, which only oblige the Agnellis to offer for 66 per cent of Exor. It sets an important precedent for the treatment of minority shareholders in continental Europe, after pressure from investors in Exor.

It comes a day after a Belgian court ordered Accor, the French hotels group, to raise the value of its full bid for Wagons-Lits, on the grounds that minorities should be offered the same price that Accor and its partner paid to take control of the Franco-Belgian travel group.

France's stock exchange regulator, the Conseil des Bourses de Valeurs (CBV) gave its blessing to the Ifint bid yesterday at the same time as clearing a two-thirds bid by Pinault, the timber to furniture retailing group, for Au Printemps, the Parisian department stores and mail order concern.

Pinault confirmed it was not planning to follow Ifint's example by extending its offer, since the CBV had clearly declared it to be acting within the rules.

Under French takeover law, a two thirds bid is triggered once an investor buys a third of the shares in a company, while a full bid is only required once the 50 per cent threshold is passed. In the UK, a full bid is triggered once an investor has reached 30 per cent.

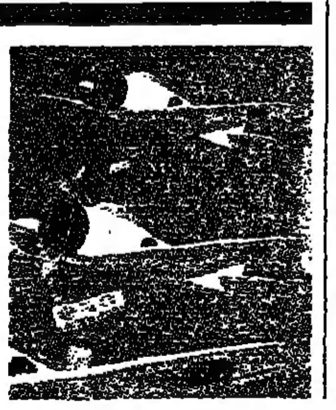
Ifint gave no explanation of its decision yesterday beyond pointing out that it was responding to "the expectations of numerous minority shareholders in Exor".

The Agnellis are believed to have been surprised by the criticism attracted by their two-thirds offer, from powerful French financial institutions like the Suez financial and industrial conglomerate and the Crédit Agricole co-operative bank which have stakes in Exor and Perrier. On top of this, French press reports have played on the spectre of an Italian industrial invasion, citing the Agnellis' extensive French industrial interests and the control of the Béghin-Say sugar group by Ferruzzi.

Weekend FT

Tomorrow: Fifty years after Pearl Harbor the US tries to come to terms with Japan

A strange duet in Salzburg



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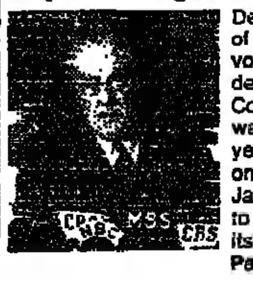
50 years after Pearl Harbor, Japan shrugs off the guilt



Declaring Tokyo guilty of a "dastardly, unprovoked attack", President Roosevelt asks Congress to declare war on Japan. Fifty years after the strike on Pearl Harbor, Japan has still failed to come to terms with its war-time past. Page 4

MARKETS

STERLING
New York lunchtime: $1.7975
London: $1.7935 (1.7735)
DM2.85 (2.8625)
FFr9.7375 (9.79)
SFr2.525 (2.535)
Y230.75 (229.75)
£ Index 90.6 (90.5)

GOLD
New York Comex Feb $370.0 (367.9)
London: $364.75 (363.75)

N SEA OIL (Argus)
Brent 15-day Jan $19.30 (-0.075)

Chief price changes yesterday, Page 21

DOLLAR
New York lunchtime:
DM1.5875
FFr5.424
SFr1.4065
Y128.65
London:
DM1.589 (1.614)
FFr5.43 (5.52)
SFr1.4075 (1.429)
Y128.70 (129.5)
$ index 62.6 (63.2)
Tokyo close: Y128.85

US LUNCHTIME RATES
Fed Funds: $4\frac{9}{16}$%
3-mo Treasury Bills: 4.409%
Long Bond: $101\frac{3}{4}$
yield: 7.841%

STOCK INDICES
FT-SE 100: 2,407.0 (-16.8)
FT-A All-Share: 1,156.71 (-0.8%)
FT-SE Eurotrack 100: 1,050.13 (-8.07)
New York: DJ Ind. Av. 2,890.43 (-21.24)
S&P Comp 377.26 (-2.81)
Tokyo: Nikkei 22,459.17 (-210.27)

LONDON MONEY
3-month interbank: $10\frac{11}{16}$ (same)
Liffe long gilt future: Dec $95\frac{13}{32}$ ($94\frac{18}{32}$)

Death of the D-Mark was greatly exaggerated

By **Christopher Parkes** in Bonn

GERMANY woke up with a start yesterday to the realities of Maastricht and its aftermath.

"Mark to be abolished," howled the mass-circulation daily *Bild*. "The D-Mark is our gift to Europe," proposed *Die Welt*, its grown-up sister publication. "German industry warns against over-hasty monetary union," droned the po-faced *Handelsblatt*.

The muted public debate, previously confined to the commentary columns of the heavy press, boiled up unexpectedly yesterday in popular papers which rarely deign to raise their sights higher than chest-level.

Bankers babbled soothingly on early morning radio that they had serious doubts that the introduction of a common currency could be achieved by the end of the century, and in any case the prospect of having the European central bank based in Frankfurt was some compensation.

An 88-year-old woman, interviewed in Munich, said the name or nature of the currency in 2000 would make no difference to her.

"We have not sacrificed the D-Mark," Mr Theo Waigel, the 52-year-old finance minister, told the Bundestag. "Nor have we given it away to Europe. It

Bild headline: Our lovely money: the mark to be abolished

is and remains the symbol of German stability."

Bild, mourning "Our beautiful money" in inch-high letters, had regaled its 5m-odd purchasers with an accusatory tale of woe hinting at conspiracy. Did readers know, it asked, that they would soon be carrying European chocolate money known as Ecus in their purses?

Politicians, bankers and economists knew, but no-one had said a word against. Why? Could Germany afford to give away what it had worked so hard to build? The paper offered no answers, only a conclusion: "Adieu, stability."

Stability, which yesterday emerged as the German equivalent of British sovereignty in summit parlance, was also the main concern of Mr Heinrich Weiss, president of the BDI employers' association. Indispensable preconditions for the introduction of a single European currency, he said, included wide-reaching consensus on economic and monetary policy, strict budgetary discipline and commitment to stability.

The creation of a united states of Europe with a single currency was inevitable, he said in an interview, but monetary integration should not be over-hasty. The risks and opportunities must be coolly weighed at every step, he added.

All member states must also be given access to an "emergency exit" through which they could escape the final stages of economic and monetary union.

EC's chief 'mechanic' gets down to nuts and bolts

Delors makes light of UK's worries about the 'F-word'

By **David Gardner** in Brussels

"NO ENGLISH? This is a serious gap ... I trust it is not an omen," Mr Jacques Delors quipped yesterday as the English translation channel sputtered out at the beginning of his pre-Maastricht press conference.

The president of the European Commission was balancing optimism of the will – and spicy good humour – against the pessimism of his formidable intellect, about the likely outcome of next week's summit on economic, monetary and political union.

He was also being rather nice about the British – while rubbishing most of their ideas and numerous caveats about European integration.

Accosted by F-wordy British journalists, he insisted that "federalism is a system which does not concentrate power but shares it out.

"It is a guarantee against the encroachment of bureaucracy, against a Berlaymont gone mad – if we haven't been driven mad already."

Mr Delors was less interested in federalism than another Euro F-word, the layers of Fudge in the draft treaty on political union which he believes make parts of it inoperable.

Three times he said the mechanism for a common foreign policy would not work. This requires unanimous decisions of policy before implementation by majority vote; what minimalist British officials who reject even this have taken to calling the "colour of the Land Rovers clause".

If we were meeting the East Europeans, Mr Delors said, first we would have to decide, unanimously, whether it was to be in Warsaw, Budapest or

Prague. Then we would all have to agree whether we were going by plane. Lunch? We would need an opt-out clause for vegetarians. No doubt we would use majority voting to decide where the smoking and non-smoking sections should be.

The Commission president said he would have "to see whether the car that people are trying to sell us is a good runner. We're not in the driving seat; we're the garage mechanics, but we have to say what we think, and I'm saying it won't work."

He asked Britain if it "believes that union brings strength".

"I believe Great Britain has the best diplomatic service in the world," he went on: "I don't see why it should be worried about foreign policy."

"The same goes for monetary union," he added, gently chiding the UK for a reticence few in the Commission take at face value.

On the crunch issue for the UK of more EC social policy, he was also understanding about Tory horror of "socialism by the back Delors".

"I am very aware of their problems over industrial relations ... but opting out could create a dangerous precedent," he said, "a distortion of competition."

"We would have recognised one country as a paradise for foreign investment, particularly Japanese investment," he said, as Delors the impassioned polemicist flashed briefly to life. "Then wouldn't Spain want to opt out on the environment?"

The "minimum provisions" of the EC Social Charter "are accepted by even the least developed countries of the Community," he jibed. "It cannot be a question of production costs, it must be a question of ideology."

Money demands by poorer EC states pose as much of a threat as Britain's general reluctance, he said: "One has forgotten that there are other countries which might say at the end 'this won't do'."

"It won't just be Britain against all the others."

Spain is spearheading demands for rich states to pledge in the new EC treaty that they will funnel more funds to Spain itself, Ireland, Greece and Portugal – the four poorer states – under a principle known as "economic and social cohesion".

Asked whether he would resign rather than accept an emasculated European Union, Mr Delors said he would appear at the final Maastricht press conference, and say only that he would be consulting the full Commission.

But unable to resist a last joke, he added: "And I will be holding the treaty like this." Stapled to the bottom of his folder was a triumphalist British press headline: "Ever Weaker Union."

Russian president says status of Ukraine holds key to future

Yeltsin warns of union deadlock

By **John Lloyd** in Moscow

MR Boris Yeltsin, the Russian President, yesterday warned that a union treaty between the former Soviet states was impossible without the Ukraine.

His comments, coming after further disavowals yesterday from the Ukrainian leadership of any intent to sign either the union or the economic treaties, appears to mark the end of efforts to find a new confederation to replace the Soviet Union.

Speaking after a meeting with Mr Mikhail Gorbachev which he described as "complex" and which Mr Gorbachev called "frank", Mr Yeltsin said that "if Ukraine will not be in the union, then I myself cannot represent such a union. If Ukraine does enter the union, then so will Russia. I think that the (Russian) Supreme Soviet will support that."

Mr Yeltsin flies to Minsk tomorrow for talks with the Ukrainian and Belorussian leaders on a possible loose grouping of the three Slav states, and to sign an economic treaty with Belorussia. On Monday, Mr Gorbachev will meet Mr Leonid Kravchuk, the Ukrainian president, in Moscow.

Mr Gorbachev, who has several times threatened resignation if a union treaty is not signed, said that he saw no alternative to a union, but that it could hardly exist without Ukraine. However, he hoped that the meetings in Minsk and Moscow would bring some change – and said: "Don't put a full stop on everything yet."

Mr Yeltsin's plans for economic reform are now threatening to tear apart his government, as bitter feuding over the reform broke out into the open yesterday.

At the same time, the Russian government announced its intention to proceed with widespread price rises in 10 days' time.

Mr Alexander Rutskoi, the Russian vice-president, is coming under heavy pressure to resign, following a month of increasingly overt attacks on policies towards ethnic separatism and economic change.

Avoiding direct criticism of Mr Yeltsin, he has nevertheless bitterly attacked the Russian

Oath of office: the Ukrainian president, Mr Leonid Kravchuk, being sworn in yesterday in Kiev

parliament's decision – agreed by Mr Yeltsin – to withdraw troops from the rebellious republic of Chechen Ingushetia who were sent to restore order; and he continues a salvo of abuse directed at the plans of the new Russian cabinet to free most prices as a prelude to further reforms.

The vice-president, a former air force colonel and prisoner of the Afghan Mujahideen, is seen by many as positioning himself to benefit from the wave of popular discontent now growing over shortage of food, and set to increase once prices are raised.

The evening paper, Izvestia, yesterday reported that the general view in political circles was that "if a new putsch happens, Rutskoi will lead it". He has called the new ministers – headed by Mr Egor Gaidar and Mr Alexander Shokhin, joint deputy premiers – "people in short trousers", emphasising their youth and inexperience: and, on his return from a tour round Siberian cities, he has forecast a social explosion once the prices are raised.

However, Mr Gaidar yesterday repeat the government's intention to free prices shortly, in spite of pleas from other republics to delay the measure to give them time to prepare for the shock waves of Russia's reform.

Earlier this week, Mr Gaidar said that the liberalisation of prices would take place on December 16 – and though he said yesterday no date was fixed, he emphasised that "a delay in price liberalisation would put the brakes on Russian reform".

Mr Gaidar said that the Russian president had already signed a decree on price liberalisation, and that it will be initiated after amendments are adopted by parliament on new taxes – including a 28 per cent value added tax.

Commenting on Mr Rutskoi's opposition, he said that he called for his resignation – and he went on to add: "I do not think the status quo will remain."

Bonn relieved by coal subsidies ruling

By **Andrew Hill** in Brussels and **Christopher Parkes** in Bonn

GERMANY is to be allowed to maintain its subsidy system for coal used for electricity generation until 1995, the European Commission's competition department ruled yesterday.

The decision, which followed heavy lobbying by German ministers, was welcomed with relief in Bonn.

Brussels had wanted the yearly total of 40.9m tonnes of subsidised fuel to be reduced sharply during the remaining four years of the so-called "Century" contract between power generators and coal producers.

The contract allows power suppliers to levy surcharges on electricity bills to compensate them for the extra cost of home-produced fuel.

German coal prices are three times world market rates.

Brussels accepted assurances that the amount of newly-mined coal would be cut, the balance to come from existing German stocks, and that coal production plans for the years after the expiry of the contract would be reduced.

The coal industry and miners' representatives, which are already reconciled to overall production cuts of 20 per cent and the loss of 30,000 jobs by the end of the century, said the decision would not change these plans.

The competition department's approval now has to be ratified through formal Commission procedures, including asking other interested parties for their views, before it takes legal effect.

"Bringing the German system into line with the Commission's approach will be an important step on the road to a single market in energy," Sir Leon Brittan, competition commissioner, said yesterday.

Dying heart, page 16

Cresson U-turn on Aids cases after revolt

By **Ian Davidson** in Paris

A REVOLT by MPs belonging to France's governing Socialist party has forced the government of Mrs Edith Cresson to make an about-turn in its planned compensation scheme for blood transfusion victims who were infected with Aids and other diseases.

The revolt is the latest sign of growing agitation in the party at the apparently unstoppable decline in the popularity of the government, and an increasingly public determination of some parliamentarians to distance themselves from Mrs Cresson and President François Mitterrand.

The government will go ahead with its compensation scheme for people infected by contaminated blood in the mid-1980s, which could cost between FFr10bn (£1.02bn) and FFr14bn over several years. But it has dropped its plan to finance the scheme mainly through a 6 per cent surcharge on the damage and accident policies of the French insurance industry.

Mrs Cresson seems still to be thinking of some type of taxation on the insurance industry, though in a different form; but evidently part of the cost of the scheme would now come straight from the state budget.

Tension between the government and the Socialist party has also surfaced over President Mitterrand's suggestion that the voting rules for general elections should be re-written, by introducing a larger element of proportional representation.

A party working group, set up to study the options for electoral reform, last week gave up the attempt to reach agreement, in the face of heavy opposition from most of the main factions in the party.

Bundesbank cautions on wages settlements

By **Andrew Fisher** in Frankfurt

GERMAN trade unions were again warned yesterday not to push for high wage settlements next year, when the Bundesbank set another tight money supply target and said it was not loosening the reins while inflation remained high.

The Bundesbank said its target range for M3, the broad monetary aggregate, would lie between 3.5 per cent and 5.5 per cent in 1992, taking account of likely production growth, price rises, and the speed of money in circulation.

This was slightly higher than the 1991 level, tightened in summer to 3-5 per cent, but Mr Helmut Schlesinger, Bundesbank president, said: "This does not mean a relaxation of monetary policy". This year's target, originally set at 4-6 per cent, had been cut because monetary conditions in east Germany had settled quickly.

The Bundesbank took no action on interest rates at yesterday's fortnightly meeting, though financial markets have generally discounted a quarter point rise in the Lombard emergency funding rate from 9.25 per cent.

This was not expected to be decided today before the Maastricht summit, but at the next Bundesbank meeting on December 19.

Yesterday's meeting was attended by Mr Johann Eekhoff, state secretary at the Economics Ministry. He agreed about the dangers to economic stability if wage settlements stayed high and fiscal policy too expansive. With the new M3 target, he added, "we have a chance economic development is not endangered and we have growth. But the risk it goes wrong is considerable."

Recent wage claims have topped 10 per cent, with settlements at nearly 7 per cent. Mr Schlesinger said more high settlements would raise industry's costs, cut competitiveness and boost inflation.

Slowdown in German growth

By **Christopher Parkes** in Bonn

THE PACE of economic growth in west Germany slowed down in the third quarter of this year. Real gross national product rose 2.5 per cent, contrasting sharply with rises of 4.3 per cent in the first three months and 4.8 per cent in the period to the end of June.

Mr Jürgen Möllemann, economics minister, standing by his earlier forecasts of 3 per cent GNP growth for the whole year, said the main cause of the slow-down was reduced private demand. Spending power had been affected by increased taxes and duties.

Price increases had also accelerated, he added, because of high wages. Average unit labour costs for the whole of German industry in the third quarter were 7 per cent higher than a year earlier. The Ifo economics institute in Munich, meanwhile, forecast further deceleration in growth. During 1992, it said industrial production in the west would increase by only 2 per cent.

The federal statistics office pointed out that despite the flattening growth curve, the number of people employed in the west during the period under review was more than 3 per cent higher than in the comparable part of 1990.

October unemployment, the federal labour office reported yesterday, was little changed from the previous month's totals. Some 1.6m, or 6 per cent, were registered unemployed in the west, with numbers in the east hovering around 1.05m, or 11.9 per cent.

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Denmark reduces corporate tax to 34%

By **Hilary Barnes** in Copenhagen

DENMARK'S corporate tax will fall from 38 to 34 per cent from 1992, under a six-party budget compromise reached in the Folketing (parliament) yesterday.

The reduction will be accompanied by the introduction of a pay-as-you-earn system for profits tax, and the Federation of Danish Industries says this will leave companies with no cash benefit.

The tax is currently paid 11 months after the end of the financial year.

Mr Henning Dyremose, Danish finance minister, described the budget, which will be enacted on December 18, as the most restrictive for many years.

It is expected to lead to a contraction in the economy of 0.1 per cent of gross domestic product.

This year's budget deficit of about DKr38bn (£3.4bn) - DKr8bn higher than estimated when the draft budget was presented in August - will be cut to DKr28bn next year and there will be no real increase in state expenditure, Mr Dyremose said.

Sweden puts brave face on savage interest rate rise

The government hopes to encourage the return of capital and a stronger krona, writes **Robert Taylor**

SWEDEN'S recently elected centre-right government was yesterday putting a brave face on its decision to raise market interest rates by a savage 6 percentage points to 17.5 per cent.

"A necessary, correct but temporary measure to deal with a temporary situation," was how Sweden's prime minister, Mr Carl Bildt, described the Central Bank's response to an accelerating outflow of short-term capital from the country.

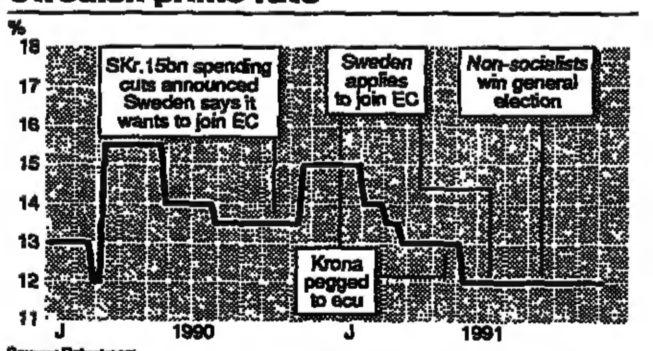
Both he and Mrs Ann Wibble, the finance minister, hope that the government's firm action will encourage the return of capital and restore foreign confidence in the Swedish krona so that Sweden can return to less crippling interest rates as soon as possible.

The government yesterday insisted that "outside factors" were mainly responsible for the sudden net outflow of capital, which saw Skr26bn (£2.48bn) leave the country between November 15 and 30 with a more rapid acceleration over the past few days.

Mr Bengt Dennis, the central bank governor, pinned the blame for the interest rate rise on what he called "the contagious effect" on the krona of Finland's 12.3 per cent devaluation of its markka on 15 November.

Although Finland's eco-

Swedish prime rate



Source: Datastream

nomic troubles are much more severe and different from those of Sweden, investors far away cannot distinguish between the various Nordic economies, he suggested.

Mr Dennis received some support for this view from private sector economists in London. Sweden, according to Mr David Brown, international economist with Swiss Bank Corporation in London, has fallen prey to a "Pavlov dog reaction" in financial markets following the Finnish devaluation.

The central bank governor said the capital outflow may also have reflected uncertainties in the European money markets in the countdown to next week's Maastricht summit, the weak American dollar and the troubles of the Nordic banking system. Blame has also been attached to worries about developments in the Soviet Union.

The government and the central bank yesterday argued that Sweden should have been immune from the "Finnish sickness" because:

- A strong consensus exists in Sweden against any devaluation, unlike in Finland and
- Although Sweden's economy might be weak, it is not as vulnerable as Finland's which is expected to contract by 5.5 per cent this year.

To underline their tough stance, both the central bank and Mr Bildt repeated yesterday that Sweden is determined to become a member of the European Community on January 1 1995 and accept all the financial disciplines necessary to join the third stage of economic and monetary in the EC.

"We are prepared to defend the existing exchange rate of the Krona within the narrow band linked to the European Currency Unit by every means," insisted Ms Wibble yesterday. She underlined there would be no devaluation in response to a "slight disturbance in the financial markets."

Attention is now expected to focus on the budget for 1992, which is due on January 10. This looks like playing a decisive part in trying to convince the doubting outside world about the government's intention to resolve Sweden's structural economic problems.

Yesterday, Mr Bildt and his finance minister could do little except repeat their good intentions to push on with their already announced free market measures and cuts in public expenditure of up to SKr15bn (£1.43bn) a year.

In their first six weeks in office the non-socialist coalition won plaudits for the apparent courage of its commitment to turn Sweden into a more market-oriented direction. But observers are concerned that while the government has a clearly thought out long-term strategy, a short-term one is lacking.

The markets are genuinely concerned about the size of the government's budget deficit and how it will be funded. Mrs Wibble suggested it could run as high as Skr90bn in the 1992-1993 financial year, or just over 5 per cent of Sweden's gross domestic product.

Control of current public spending is therefore of vital importance in ensuring the credibility of the government's economic strategy. But this also will depend on the government winning parliamentary approval for austerity measures next month.

Mr Bildt's government lacks an overall parliamentary majority, however. Yesterday, the populist right-wing New Democracy (ND) – which holds the power balance – agreed to support the government's unpopular proposal to freeze child benefit next year and save Skr4bn. That proposal was seen as crucial in proving the coalition's determination to cut spending programmes.

It is possible but not certain that the unpredictable ND will give Mr Bildt's government the parliamentary votes it needs to push through its economic policies. But the creation of a broad-based political consensus is another matter, particularly as the main opposition Social Democrats appear opposed to the basic thrust of the government's free market strategy.

Sweden's grim industrial outlook for 1992 is causing concern. Many companies have reported poor interim results over recent weeks and few of their forecasts for next year suggest any early recovery. The sudden huge rise in interest rates has come as a further body blow to hopes of an early industrial revival.

Yesterday, Mr Magnus Lemmel, the head of the Federation of Swedish Industries, said the 6 point increase in interest rates was "acceptable" in so far as it strengthened the government's chances of getting its market policies through parliament. But he also warned that "a permanently high interest rate would effectively destroy the climate for investment and be wholly unacceptable."

Foreign markets appeared to be surprised by the size of the interest rate increase yesterday. There were some feelings that the Swedish authorities may well have over-reacted.

The verdict of the markets over the next few weeks should provide the answer. What is already certain after yesterday's interest rate increase is that Mr Bildt's early heady days in office are well and truly over.

Bundesbank cautions on wages settlements

By Andrew Fisher in Frankfurt

Slowdown in German growth

EUROPEAN NEWS

Walesa urges MPs to give him more power

By Christopher Bobinski in Warsaw

PRESIDENT Lech Walesa yesterday urged parliament to give him greater powers to appoint Poland's government and then to allow the council of ministers to legislate by decree in special circumstances.

His call came after he bowed to the wishes of a five-party, centre-right coalition in parliament and nominated their candidate, Mr Jan Olszewski, for the post of prime minister.

Referring to Poland's efforts to introduce free market reforms, he told parliament: "If we don't give more power to the executive then we'll run out of time, people will lose patience with us."

The president wants the right to appoint the government and only have parliament vote its confidence in a new cabinet. At the moment parliament appoints the cabinet at the president's nomination. Under the new powers, the president could dismiss the government directly.

Parliament is likely to whittle down the president's proposals and maintain some say over the government. The decision to put forward Mr Olszewski comes after weeks of resistance by the president, who had hoped that Mr Jan Krzysztof Bielecki, the outgoing prime minister, could be kept on as the head of the government. Mr Bielecki's resignation, which was accepted by parliament, follows inconclusive parliamentary elections on October 27 which saw over 10 political groups enter the 460-seat Sejm, the more important of the two chambers.

President Walesa saw Mr Bielecki as better equipped to steer the country towards a western-style economy.

Mr Olszewski was a defence lawyer for political dissidents under the communists as well as an adviser for Solidarity. However, he retained links with the Catholic church and has lately occupied a position on the right of the political spectrum. He stands at the head of a coalition of five parties, most of whom criticised the depth of Poland's recession in their pre-election propaganda, but have since stressed that policies should avoid the risk of fuelling inflation.

Bosnia appeals for UN force to preserve peace

By Judy Dempsey

OFFICIALS from the Yugoslav republic of Bosnia-Hercegovina want UN peace-keeping troops to be sent to the ethnically-mixed region.

Mr Rusmir Mahmutcehajic, the deputy prime minister of Bosnia-Hercegovina, said yesterday that the UN must send troops "in order to contain the fighting and to preserve the peace where it already exists".

His appeal came as western diplomats voiced increasing pessimism over the possibility of deploying troops in the breakaway republic of Croatia.

Mr Cyrus Vance, the UN's special envoy, who yesterday held another round of talks with Mr Slobodan Milosevic, the president of Serbia, and General Veljko Kadijevic, the federal defence minister, will travel later in the week to Bosnia-Hercegovina.

Mr Vance has repeatedly stated that no UN troops will be sent to Croatia until there is a lasting ceasefire and until both sides agree about where the troops should be stationed. However, Mr Mahmutcehajic said that even if the fighting continues in Croatia, the UN must take action to preserve the peace in other parts of the country.

Public servants in Hungary take the political flak

By Nicholas Denton in Budapest

PUBLIC servants in Hungary are finding it increasingly difficult to stay out of the political crossfire. The independent-minded head of the central bank is the most recent casualty. Mr Gyorgy Suranyi signed a seemingly innocuous appeal for more democracy and lost his job last week as a result.

Mr Suranyi's controversial replacement by a loyal government minister was symptomatic of a wider problem that besets many former communist countries: the clash between loyalty and expertise.

No one questioned Mr Suranyi's abilities. His fault was to put his name to the Democratic Charter, a collection of commonplaces about democracy combined with the implication that Hungary still had some way to go.

Insulted, Mr Jozsef Antall, the conservative Hungarian Democratic Forum (HDF) prime minister, dismissed the central bank chief. Mr Antall explained: "If someone cries for freedom in a place where there is liberty, then he is a victim of a false idea or not telling the truth." To the most sensitive of its critics, the government's behaviour brought back uncomfortable memories. Sacking because of a signature and the confusion of neutrality with opposition were both communist hallmarks.

In administration, expert is often synonymous with communist or liberal

The reshuffle at the central bank was no isolated incident. Mr Ferenc Somogyi, the top civil servant at the foreign ministry, resigned this week in protest after the government sacked two of his deputies.

Most contentious of all has been the government's effort to force through its nominees to senior posts in the national television and radio. The HDF's preoccupation was expressed most strikingly in an internal party memo written by Mr Imre Konya, parliamentary leader of the HDF.

The time had come, Mr Konya wrote, for "decisive action" on the media. The government had convinced the world that it was tolerant. Now it could afford to combat the domination of the media by journalists sympathetic to the opposition, he explained.

"I think [the trend towards renewed politicisation of national institutions] is all part of a pattern," says Mr Gaspar Miklos Tamas, a prominent MP in the opposition Alliance of Free Democrats.

But Mr Gyorgy Schamschula, political state secretary at the ministry of employment, said the opposition's outrage is overdone. "Every government always tries to put its own people into positions," he stated.

In eastern Europe, the concept of public service has to be completely reconstructed after four decades during which the state and the communist party were intertwined.

Communist regimes linked most political appointments to political loyalty. As a result, they have left their democratic successors struggling to establish consensus about how deep political control of the administration should go.

"Nobody knows what is a civil servant and what is a political appointee; nobody knows where the border is," says Mr Viktor Orban, leader of Hungary's opposition Alliance of Young Democrats.

But the very notion of expertise is also politically loaded. Mr Schamschula claims that there is precious little neutral ground for officials to stand on. "Look, someone who is not a Free Democrat or an HDF member is usually an ex-communist," he said.

The reality is that administrative experience could be gained only by working under the former communist regime. Thus, expert is often synonymous with communist; or if not with communist, then with liberal, for the governing conservatives have few supporters in the professions.

The HDF politicians argue that communists and opposition liberals in public service hide their disloyalty to the elected government behind the cloak of expertise.

"Over-emphasis of expert skills is a cheap Bolshevik trick," said Mr Istvan Csurka, a right-wing MDF deputy. Hungary is finding it difficult to attract public servants with the right combination of loyalty and expertise. For Mr Csurka, loyalty comes first.

As the debate continues, the government has put forward legislation to purge the top layer of the administration and media of those linked to the communist secret police. Hungary is set to add a new dimension to the delicate reconciliation of loyalty with expertise.

Turkey, EC in new push for customs union

By John Murray Brown in Ankara

TURKISH and European Commission trade officials meet in Ankara today in renewed talks on a proposed customs union, due to be implemented in 1995.

These will be the first EC talks with the new coalition government of Mr Suleyman Demirel. The meeting is a follow-up to the joint Association Council session in September, when foreign ministers met for the first time since Turkey walked out of a council meeting in Luxembourg in 1988 over the Cyprus issue.

Copyright, dumping, textile quotas and tariff cuts will dominate the talks. The EC is also to seek assurance that Turkey's recent accord with Efta does not contravene its 1960 association agreement with Brussels.

In 1989, in line with efforts to make its industry more competitive, Turkey cut tariffs for all trade partners, ignoring what the EC felt should be its preferential status under the 1960 accord. Today, Turkey is promising support for its industry. EC officials are concerned this may constitute further subsidies.

Progress towards customs union was resumed in 1988, eight years after economic ties were frozen after Turkey's military coup. Currently, 53 per cent of Turkish industrial goods enter Community markets free of duty. Turkish farm trade, technically with a zero tariff, faces calendar and quantitative restrictions.

Under the 1960 accord, Turkey is pledged to scrap tariffs on EC goods by 1995. Officials say it is on track, with cuts realised on 40 per cent of general items, and 50 per cent of a more sensitive product list.

The EC is also to raise the issue of Turkey's special levies, the so-called non-budgetary funds, which though not technically tariffs, provide 60 per cent protection. Turkey is likely to tie any concession on this to anti-dumping, where it was subject to seven investigations in 1990, more than any other country.

Officials say Turkey is committed to reduce various tax benefits for its steel exporters next year. At the same time, its proposal for unifying its import tariffs was welcomed by EC officials.

HK group to press on with Thai project

By Peter Ungphakorn in Bangkok

HOPEWELL Holdings of Hong Kong has agreed to start building a 37-mile elevated road and railway project in Bangkok for an estimated Baht 80bn (£960m), despite being denied some of the tax concessions it was seeking.

The decision ends two years' controversy over the plan, the main aim of which is to raise the State Railway of Thailand's existing tracks above Bangkok's congested streets. Main source of revenue will be real-estate development at key points along the route.

One Thai cabinet member involved in the talks, Mr Phaichitr Uathavikul, minister in the Prime Minister's Office with responsibility for economic affairs, warned that the decision to go ahead still left various problems unsolved.

The worst was a lack of coordination between the Hopewell transit project and others in various stages of planning or execution, he said.

The Hopewell project is one of several large projects the government has been renegotiating since the coup d'état in February. Most involve road or rail building in Bangkok. In most cases, route planning had not been not co-ordinated, and the three rail projects use incompatible technology.

One project, for expanding the telephone network, is now going ahead after CP Telecomm, the private-sector company which had already signed the contract, agreed to scale down its concession to 2m new lines in Bangkok, leaving 1m provincial lines for alternative bidders, a deal the government said would avoid a monopoly.

Mr Anand Panyarachun, the prime minister, suggested the next renegotiation to be concluded would be with Lavalin of Canada over the Skytrain 22-mile elevated railway. An announcement might be made by the end of the month. The renegotiations with Hopewell were based on a contract signed in November last year. Hopewell was then given a year, later extended for another month, to negotiate investment incentives and to decide whether the terms were acceptable.

The Thai government agreed to a corporate tax holiday but rejected other concessions including a tax break that would have been worth an estimated Baht 14bn.

WORLD TRADE NEWS

Hopes of breaking farm impasse hang on US talks

By William Dullforce in Geneva and David Gardner in Brussels

HOPES OF breaking the EC-US farm subsidy deadlock are now pinned on a meeting in Washington tomorrow between Mr Edward Madigan, US agriculture secretary, and Mr Ray MacSharry, EC farm commissioner.

Two days' talks between top trade and farm negotiators, backed by political troubleshooters representing the US and EC presidents, in Brussels and the Hague, ended inconclusively on Wednesday.

The Washington meeting is seen on the EC side as the last chance of winning an understanding before next week's Community summit at Maastricht. The bilateral dispute over agriculture, which is jeopardising five years of international trade negotiations in Gatt's Uruguay Round, threatens to become another bone of contention at Maastricht, where the 12 EC states are already at odds over monetary and political union.

If Mr Madigan and Mr MacSharry fail to achieve a breakthrough tomorrow, Mr John Major, UK prime minister, and Mr Ruud Lubbers, Dutch premier and current EC president, are expected to raise the farm question at the summit, against French hostility to having it "polluted" by the Uruguay Round.

The EC Commission considers it "bad tactics" to have the Round discussed at Maastricht but prospects for a breakthrough are uncertain. EC officials said yesterday that neither side had "budged one iota" on the core issues in the previous two days.

US officials said the talks had been useful but had not made the progress the US would have liked. The Madigan-MacSharry meeting showed each side had the will to continue intensive talks but the possibility of a result should be neither over- nor underestimated.

The outstanding problems remained how to effect export subsidy cuts, via budget outlays or by determining the volumes of subsidised products on world markets; what domestic farm supports should be put in the "green box" of permitted measures; how much immediate access to currently closed markets could be achieved.

Brussels officials said the US had proposed that two-thirds of the 35 per cent cut in export subsidies should be effected on export volumes. As a *quid pro quo* for this EC concession, the US would undertake to freeze annual exports of non-grain feedstuffs to the EC at the average of the last five years. Cuts in quantities were an absolute must, US officials said, but Washington was not opposed to a mix of methods.

MacSharry: last chance for winning an understanding

An EC official said success depended on Mr MacSharry and Mr Madigan finding a balance between "how much is bankable among EC member states and how much is sellable in the US Congress". If they failed, the impasse would have to be referred back to President Bush and Mr Lubbers who at the US-EC summit in The Hague on November 9 had pledged to find a solution.

Bush takes tougher stand on trade

By Nancy Dunne in Washington

PRESIDENT George Bush, weakened in the opinion polls and approaching a re-election campaign, has apparently concluded that he must in future take a tougher stand on trade with Japan or be forced to deal with a belligerent Congress, supported by an angry electorate.

With the Democrats preparing new legislation to challenge Japanese advances into the domestic car and car parts markets, the White House has invited 15 US business executives to accompany the president on his trip next month to Japan, South Korea and Singapore.

Among the industrialists going along will be the heads of Chrysler, General Motors and Ford - Mr Lee Iacocca, Mr Robert Stemple and Mr Harold "Red" Poling respectively. Also included are the heads of the US Chamber of Commerce and the National Association of Manufacturers.

Mr Robert Mosbacher, US commerce secretary, has made a point of taking executives on his trips around the world, in order to have them attend meetings with foreign officials and their industrial counterparts.

The White House has been criticised by the business community for failing to provide the same service.

Japanese car makers are now under attack in various American forums. The Commerce Department has extended the time for its investigation of alleged mini-van dumping by Mazda and Toyota.

In the courts, a new controversy has surfaced involving the purchase of a rental car agency by Mitsubishi.

Mr Sidney Cohen, the founder of Value Rent A Car in Palm Beach, Florida, sold his agency to Mitsubishi in June with an agreement that he and his family would continue to manage the company and share in operating profit for five years.

The family was "suspended" from the business, according to Mr Cohen, after he insisted on buying Fords rather than higher-priced Mitsubishis.

Allegations of anti-semitism brought Mr Cohen's subsequent suit to the attention of the House government operations subcommittee on employment and housing, which is headed by Congressman Tom Lantos.

Mr Lantos ordered an investigation by Congress' general accounting office.

Mitsubishi is alleging that the Cohen family concealed problems in the business.

According to the Cohens, when they were ejected from the company, Value's rental fleet was 99 per cent American; now it is 10 per cent domestic cars and 90 per cent Mitsubishis.

Colgate plan for Chinese market

COLGATE-Palmolive yesterday announced plans to enter the potentially huge Chinese toothpaste market through a joint venture in southern Guangdong Province. Martin Dickson reports from New York.

Colgate said it was the first of the main western toothpaste makers to set up such an operation in China. Its product will be made in the city of Guangzhou under a joint venture with Guangzhou Jie Yin Daily Use Chemicals Factory, the province's leading toothpaste producer, and a local development corporation.

Initial production will be from the Chinese company's existing plant but Colgate said it planned eventually to build a new factory.

USS West Virginia ablaze after the Japanese raid on Pearl Harbour

Japan shrugs off worries over war guilt

Fifty years after Pearl Harbour, **Stefan Wagstyl** finds the whitewash is wearing thin in parts

MR Takeo Yamauchi, a veteran of one of the bloodiest battles of the second world war, kept his memories inside him for nearly 40 years. When he finally started talking in the mid-1980s about his experiences on the Pacific island of Saipan his friends tried to ignore him. "On the surface they were sympathetic. But they wished I would stay quiet."

Today, on the eve of the 50th anniversary of the attack on Pearl Harbour, Mr Yamauchi is one of a handful of Japanese actively campaigning for a fuller understanding of the war in Japan. But he says that even in his organisation – called veterans against war – there are people who would prefer not to discuss sensitive matters such as the question of Japan's responsibility. "They are like so many Japanese. They say they want peace. But to have peace we must first understand the last war."

No nation is further removed from fully coming to terms with its war-time past than Japan. The failure haunts the country – it colours relations with the US and with Asian nations which suffered under Japanese occupation; it occasionally prompts accusations that Japan's post-1945 economic expansion has been the continuation of war by other means; and it also accounts for the passion aroused by a government plan, now before the Diet, to despatch combat troops overseas for the first time since the war – albeit to serve in United Nations peace-keeping forces.

In Germany political leaders have accepted the nation's responsibility for the crimes of the Nazis in heart-rending terms. But in Japan, the force of official expressions of regret is repeatedly undermined by subsequent equivocations.

For example, this summer Emperor Akihito toured Asia with the purpose of improving relations and delivering personal apologies for Japan's wartime acts. But soon after he returned, Mr Nobuo Ishihara, the deputy cabinet secretary, said it would take "decades or even centuries before the right judgment was delivered on who is responsible for the war."

The government's official position is that the war is to be regretted; Pearl Harbour was a reckless act; Japanese troops caused severe damage in China, Korea and other countries for which, says the government, Japan has rightly apologised and paid compensation.

But, unlike Bonn, Tokyo has never admitted it fought a war of aggression.

It has also been less than fulsome in cataloguing individual atrocities. Information about the activities of Unit 731, the Imperial army's unit for germ warfare experiments, became public only in the 1980s.

Dossiers on the exploitation of Chinese and Korean forced labourers are among scores of official documents still hidden in vaults in ministry buildings, sealed for reasons of "national security" and "protecting personal privacy". Professor Daizaburo Yui, a historian, says scholars do not even know what documents are hidden away.

There are understandable historical reasons why Japan has never been forced to confront its past as Germany was. In the first phase of the US occupation, the American authorities wanted to carry out a comprehensive purge of government and business in the belief that much of the establishment had either supported or tolerated the wartime military rulers.

But with the onset of the Cold War, opposing communism became more important so the purges were cut short and many of those purged were rehabilitated. The theory grew that responsibility for the war lay only with a narrow band of military leaders, not with the wider political community, let alone the country as a whole. In the late 1950s, Mr Nobosuke Kishi, a wartime minister whose duties had included the supervision of forced labour, became leader of the ruling Liberal Democratic party and prime minister. Professor Yui says Mr Kishi's return made it impossible for subsequent LDP administrations to condemn the past.

But the crucial decision of the occupation authorities was to drop early plans to charge Emperor Hirohito for war crimes. Because pre-war Japanese nationalism had been so completely identified with loyalty to the Emperor, absolving the emperor also meant absolving the whole nation. If the Emperor had not done wrong, nor had those who had acted in his name. As a senior Ministry of Foreign Affairs official says: "The emperor is at the heart of everything to do with the war. If we start to really examine the war we have to examine the role of the emperor. For the government that is still impossible."

It is also impossible for the Ministry of Education, which, as in some European states, has strict control of the school curriculum including the choice of text-books. The ministry has often been accused of whitewashing Japan's wartime history – not just by scholars but by the Chinese and South Korean governments.

In recent years, it has allowed textbooks to give more information about the war, including details of the Nanking massacre in 1937 and a (short) reference to Unit 731. However, Professor Saburo Ienaga, a text-book writer who has battled with the ministry since 1963 over revisions to his work, says there are still taboo subjects.

One is a full account of the battle of Okinawa in which civilians were forced by Japanese soldiers to commit suicide rather than be captured by the Americans. The other concerns Emperor Hirohito. Professor Ienaga says he would not even try mentioning in a text-book that the allies considered – and rejected – putting the Emperor before the war crimes tribunal. For their part, ministry officials say they have to ensure text-books are "non-controversial and reflect the views of the majority of people".

Japanese views of responsibility for the war are also deeply affected by their own immense suffering, including the fire-bombing of Tokyo and the atomic bombs at Hiroshima and Nagasaki. Some 3m Japanese died in the war, a sufficient price, many Japanese believe, for their own nation's war atrocities.

However, such beliefs also reflect a reluctance to judge and to apportion blame. A strict separation of guilt and innocence is not so firmly embedded in Japanese religious traditions as it is in the west. Professor Yoichi Kibata, a historian, says Japanese recognise moral absolutes but attach less importance to them than westerners.

Given these deeply-held views it is possible to see why post-war generations of Japanese have not challenged their parents as did young Germans in the 1960s and 1970s. But, very slowly, attitudes may be changing. Emperor Akihito has said more about the war than his father ever did. The Education Ministry is becoming more open-minded in its assessments of history. The mayors of Hiroshima and Nagasaki have started mentioning Japanese war-time acts – including Pearl Harbour – at their annual atom bomb commemoration days.

The 50th anniversary of Pearl Harbour has itself stimulated an enormous amount of writing and television reporting. However, this September the 60th anniversary of the Mukden Incident, which started Japan's invasion of China in 1931 and marked the true beginning of Japan's war, passed almost unmarked.

Australian GDP slips 0.3% despite interest rate cuts

By Kevin Brown in Sydney

AUSTRALIA'S Labor government suffered a serious setback yesterday with the release of figures showing that gross domestic product declined by 0.3 per cent in the three months to September.

The announcement came only a few hours after Mr John Kerin, the treasurer (finance minister), declared that the economy had emerged from a recession which began in mid-1990.

The unexpected weakness of the economy will increase pressure from business and trade union organisations for a further cut in official interest rates, which have fallen by 9.5 percentage points since peaking at 18 per cent in early 1990.

It will also damage the economic credibility of the government, which has appeared to wilt in recent weeks under a strong attack from the conservative Liberal-National party coalition.

The government's statistical service said the main causes of the cut in GDP were an unexpectedly large rundown in stocks, and the effects on farm production of severe drought in the eastern states.

The income-based measure of GDP, the most widely used indicator, has now been negative or flat for six consecutive quarters.

The latest quarter of negative growth makes 1990-91 the longest recession since the second world war, although the contraction in GDP has been less severe than during the last recession in 1981-82.

Mr Kerin, who was clearly surprised by the figures, said that the rundown in stocks had not been foreseen by Treasury forecasters.

However, the government took some comfort from a rise of 0.8 per cent in private consumption, which it claimed supported its contention that a recovery is under way.

Economists were surprised by the figures, but most said the rebuilding of stocks was likely to contribute to renewed growth in the three months to the end of December.

They expect the Reserve Bank to respond to the economic indicators by cutting interest rates by a full percentage point in late December or early January.

A cut in rates would also have political attractions for the government, which trailed the opposition coalition by 10 percentage points in the latest Morgan Gallup opinion poll published earlier this week.

HK talks end with limited agreement

By Angus Foster in Hong Kong

BRITISH and Chinese officials yesterday finished three days of talks on Hong Kong issues, including citizenship, military land and the electricity franchise of China Light and Power. But the talks were overshadowed by controversy concerning the colony's proposed court of final appeal.

The meeting did reach agreement on extending China Light and Power's franchise for 15 years from 1993, but made no progress on the subjects of Hong Kong's military lands and right of abode for non-Chinese after 1997.

Britain, China and the Hong Kong government have agreed on the structure of the court of appeal and said it cannot be changed. But on Wednesday, Hong Kong's Legislative Council, the colonial parliament, overwhelmingly called for the court to be renegotiated, claiming the structure compromised the court's independence and standing.

China has accused Britain of conspiring with Hong Kong leaders to try to renegotiate the court, which is to replace the Privy Council in London. The row has threatened to disrupt improvements in Sino-British relations since the visit to China of Mr John Major, the British prime minister.

The talks took place at the 21st meeting of the Sino-British joint liaison group, which is overseeing details of Hong Kong's 1997 return to Chinese sovereignty. Mr Anthony Galsworthy, senior British representative, conceded that he had hoped progress could be faster.

China also complained about moves within the Legislative Council to set up a formal committee system to oversee bills. China has never recognised the council, which it descibes as a "colonial servant," and is worried it is seeking an executive as well as legislative role before 1997.

The Hong Kong government is trying to limit damage from its Wednesday defeat over the court of final appeal. Government leaders have stressed the court cannot be renegotiated but the court cannot be established without Legislative Council approval, raising the prospect of a delay in its setting up, possibly until 1997.

Saad Mujber, Libya's ambassador to France, insisting in Paris yesterday that Libya remains in confrontation with the UK and US over Lockerbie

Opposition breaks up in Kenya

By Michael Holman and Julian Ozanne in Nairobi

THE opposition coalition which led the campaign for a multi-party democracy in Kenya broke up into rival camps yesterday.

The two political parties that have emerged – the Forum for the Restoration of Democracy (FORD) and the National Democratic Alliance (NDA) – reflect political and ethnic divisions that have their roots in pre-independence Kenya.

Opponents of President Daniel arap Moi and his ruling Kanu party will have to overcome tribal and personal rivalries in the multi-party election campaign effectively launched by Mr Moi this week.

The first move came from Mr Martin Shikuku, a former MP and one of the founders of FORD, originally created as an unofficial pressure group earlier this year. He announced that FORD, made up of lawyers, church leaders, businessmen and politicians, would register as a legal political party.

Within hours his action was criticised by Mr Oginga Odinga, Kenya's former vice-president and a leading FORD supporter. Regretting the "disintegration" of FORD, Mr Odinga described how efforts to keep the coalition together had failed.

He denounced Mr Shikuku and two other FORD members who announced the change in the pressure group's status as "self-seekers who do not believe in the democratic process." While Mr Shikuku has a considerable following, he also has a reputation as a political maverick.

Mr Odinga, however, was the main spokesman for a much broader opposition which includes leading members of the country's main ethnic groups who are expected to form the core of the National Democratic Alliance, which will be officially announced today.

Canberra braced for protests over Timor Sea oil permits

By Kevin Brown

AUSTRALIA is preparing for an angry response from human rights organisations to plans to issue permits for oil exploration in an area of the Timor Sea which is jointly controlled with Indonesia.

The Australian government said yesterday the signing ceremony would take place next week, in spite of widespread public anger over the deaths of at least 19 East Timorese in an anti-Indonesian demonstration three weeks ago.

However, the government refused to say where the ceremony would take place, apparently for fear of provoking demonstrations by East Timorese exiles and local sympathisers. Ministers are thought to have dropped plans to hold the ceremony in Darwin, the nearest Australian city to the Timor Sea, because of continued demonstrations outside the Indonesian consulate.

Protesters are likely to be angered by both the timing and the high-level nature of the ceremony, which will be attended by Senator Gareth Evans, the Australian foreign minister, Mr Ali Alatas, Indonesia's foreign minister, and the resources ministers of both countries.

Australian human rights organisations say up to 100 people died when Indonesian troops fired on independence demonstrators on November 12 in Dili, capital of East Timor, a former Portuguese colony annexed by Jakarta in 1975.

Indonesia says its troops killed only 19 people after being provoked by members of Fretilin, a small guerrilla group which has waged a 16-year fight for independence.

The strong public reaction to the killings has posed a diplomatic problem for Canberra, which has called for a full inquiry, but has resisted pressure to cancel forthcoming ministerial visits to Indonesia.

The government is also unwilling to take any action which would imperil a 1989 treaty with Indonesia which divided the Timor Gap – a disputed area of the Timor Sea – into Australian, Indonesian and jointly controlled zones.

The treaty established a ministerial council and a joint secretariat with offices in Jakarta and Darwin to supervise the award of exploration licences in the joint zone.

About a dozen companies are likely to be awarded permits, including BHP, Woodside Petroleum and Santos from Australia, Royal Dutch/Shell and Phillips from Europe, and Chevron from the US.

Early exploration indicated that the zone could contain up to 5bn barrels of oil, but estimates have been revised sharply downwards recently following the release of more comprehensive seismic data.

Two exploration permits have been issued in the Australian zone, to consortia led by MIM, the Queensland-based mining group, and Petroz, a subsidiary of AGL, the gas producer. The deep water Indonesian zone has been only lightly explored.

The Timor Sea treaty is regarded as illegal by Portugal, which is challenging Indonesian sovereignty over East Timor in the International Court of Justice at The Hague. The Portuguese claim is rejected by Australia and Indonesia.

Arabs back Libya over bombing

By Tony Walker in Cairo

THE 21-member Arab League yesterday backed Libya in its row with the west over the bombing of a Pan Am jet over Lockerbie, Scotland, and called on the UN to join it in investigating allegations Libyan agents were responsible.

The League, which is based in Cairo and is the leading organisation of Arab states, expressed "solidarity with sisterly Libya and praised its positive approach to unveil the facts surrounding this regrettable incident."

Arab representatives unanimously endorsed the statement just hours after Mr Douglas Hogg, a British Foreign Office minister, had appealed to the League's secretary general for help in bringing to justice those responsible for the Lockerbie disaster in which 270 people died.

Mr Hogg, in meeting the secretary general, Dr Esmat Abdel Meguid, had rejected a proposal that two Libyan intelligence officers accused of the bombing should stand trial in an international court.

He said this was not feasible, arguing that forming such a court for every terrorist operation would not eliminate terrorism, but would in fact strengthen it.

The Arab League called on Britain and the US to avoid economic or military actions against Libya. Mr Hogg said he was delighted at promises by Libyan leader Colonel Muammar Gadaffi that his country would "break off ties with groups which were described in the past as liberation movements but have turned into terrorist movements".

Japanese groups deny Marcos illegal payments

By Steven Butler in Tokyo

SEVEN Japanese companies yesterday denied accusations in Manila that they had paid $54.8m (£31m) in illegal kickbacks to the family of Mr Ferdinand Marcos, the late Philippines president, in the 1970s.

The companies were named yesterday in a report issued by Mr Francisco Chavez, the Philippine solicitor-general. The report is based on investigations of the Marcos family's secret accounts in Swiss banks and is said to be based on documents obtained from the banks.

Companies named in the report include Mitsui, Nissho Iwai, Marubeni, Toyo, Sakai Heavy Industries, Sumitomo, and Taihei.

According to the allegations, the companies made secret payments to Marcos family bank accounts in Hong Kong and Switzerland in connection with projects financed by Japan's overseas economic co-operation fund and second world war reparations.

Several of the companies contacted yesterday said that similar charges had emerged earlier but that internal investigations had found them to be without substance. They were still awaiting details of these latest charges.

Slovo urges moderation on S African communists

By Patti Waldmeir in Johannesburg

MR JOE SLOVO, the general secretary of the South African Communist Party, yesterday praised Lenin and the Soviet communist revolution, but urged his party towards more moderate socialism involving multi-party democracy and protection for private property.

The slogans of another age – "Viva Lenin! Viva the October Revolution" – rang through the hall where 600 delegates gathered for the party's first legal congress inside South Africa for more than 40 years.

Despite militant rhetoric, delivered from beneath a giant red banner proclaiming "the future is socialism," Mr Slovo made clear that socialism was a distant goal.

In the meantime, the party would concentrate on helping the African National Congress (ANC), its close ally, to eradicate apartheid. Mr Slovo, a senior ANC leader, is to quit as the South African Communist Party's leader to devote his energies to the ANC.

Mr Slovo argues that the solution is to democratise socialism, and strip it of authoritarianism.

Yesterday he sought a commitment to basic liberal values such as a multi-party political system with regular free elections, guarantees for linguistic, cultural and religious rights of minorities and protection of "all personal non-exploitative property and such other private property as may be necessary for effective economic development and growth."

He rejected "commandist bureaucratic control" of the economy but said categorically that he favoured a "considerable degree of state intervention" in the economy, including selective nationalisation.

Economic prospects 'set to improve next year'

By Philip Gawith in Johannesburg

THE outlook for the South African economy has improved and it should record small positive real growth in 1992, the Reserve Bank said yesterday in its quarterly bulletin.

The improved outlook is the product of a continued good export performance, substantially improved financial relations with the rest of the world and the current low level of inventories. The bank noted, however, that the gradual downswing in economic activity had deepened further in the four months to October.

Merchandise exports rose by nearly 24 per cent between the beginning of the downturn in the first quarter of 1989 to the third quarter of 1991. This has helped boost the current account of the balance of payments which recorded a seasonally adjusted and annualised surplus of R9.7bn (£1.96bn) in the third quarter. A surplus of at least R6bn is likely for the year as a whole.

Net outflows on the capital account are also down, to R100m in the third quarter from R2.1bn the previous quarter. The bank said this performance, helped by an inflow of largely short-term funds, indicated normalisation of South Africa's financial relations.

Boosting the economy is a fiscal policy stance more expansionary than expected. The deficit, as a ratio of gross domestic product, was 5.3 per cent in the first half of fiscal 1991-92, the result of spending moderately higher than budgeted and revenues considerably down.

Despite the mildness of the economic downturn, however, the bank says the effect on unemployment is the worst of any cyclical downswing for 20 years.

Kurds flee after new Iraqi attacks

By Frances Williams in Geneva

MORE than 200,000 Kurds have fled their homes in northern Iraq over the past six weeks because of shelling and intimidation by the Iraqi military, the United Nations High Commission for Refugees (UNHCR) said yesterday.

Mr Carroll Faubert, the UNHCR's emergency co-ordinator in Iraq, said in Geneva that the new flood of refugees, which shows no sign of abating, was seriously straining the agency's resources. The organisation is already caring for 500,000 Kurds unable to return home, and completed its "winterisation" programme to provide shelter from freezing weather only last month.

Mr Faubert said the UNHCR would be seeking an extra $20m (£11.3m) for the coming six months in a new UN appeal for humanitarian aid in Iraq expected before Christmas. About half the new refugees had no adequate shelter, many living in flimsy makeshift tents.

Field workers say stockpiles of food, blankets and tents are barely sufficient for the original case-load and fuel shortages due to Baghdad's blockade are hampering food deliveries to the newly displaced. They fear people may be driven again to the mountainous border areas where UNHCR has distribution centres but little accommodation.

The UNHCR says shelling of areas around Kelar, Kifri and Chamchamal in Sulemaniya Province has driven out nearly 141,000 people, while around Erbil another 60,000 have left after being ordered out by Iraqi forces.

White House faces budget deal fight

By George Graham and Michael Prowse in Washington

THE BUSH administration is fighting to maintain the discipline of its hard-won budget agreement with Congress while finding a way to stimulate the sluggish US economy.

Senior officials yesterday opened the possibility of some relaxation of the budget agreement – which imposes tight curbs on tax cuts and spending increases – as part of the package of growth measures President George Bush plans to announce next month.

Mr Nicholas Brady, the treasury secretary, said Mr Bush planned to expand on measures such as a cut in the capital gains tax rate which the administration has urged for the last year.

However Mr Michael Boskin, chairman of the council of economic advisers, said he hoped any package could maintain as much as possible of the discipline of the budget agreement negotiated between the administration and Congress.

Mr Brady and Mr Boskin were speaking, along with Mr Richard Darman of the Office of Management and Budget, to the House of Representatives' ways and means committee, which controls taxation. The committee was hearing competing proposals for cutting taxes to boost economic activity.

While the administration and Republican congressmen have favoured cutting the capital gains tax rate as a way of encouraging business investment, Democrats have concentrated on income tax credits to put more money in the pockets of middle-income families.

Mr Dan Rostenkowski, the Chicago Democrat who chairs the ways and means committee, urged his colleagues to avoid turning the public hearings into a political circus.

"That's not what these hearings are about. We certainly do not want to start another bidding war," he said.

Several Democratic congressmen, nevertheless, leapt into battle, attacking the administration's capital gains proposal as an unfair gift to the rich.

Mr Brady said any tax package must concentrate on measures to stimulate overall growth, not on redistributing income among different segments of the population. He ruled out tax increases, and warned against any fiscal package which could result in higher interest rates by frightening the financial markets into believing the budget deficit would be allowed to run further out of control.

Mr Darman said the administration was interested in tax cuts designed to provide relief for middle-income Americans, but faced the "hard constraint" of preserving budgetary discipline.

Neither Mr Brady nor his colleagues gave any detail of the additional economic measures that Mr Bush has said he would announce in his State of the Union address next month.

Officials have, however, been examining heavy cuts in the defence budget to pay for greater domestic spending, as well as means-testing to restrict the payment of social security entitlements to wealthy Americans.

S&L chief convicted of fraud

MR Charles Keating (right), a key figure in the US savings and loan (S&L) scandal, has been convicted on 17 counts of defrauding investors of millions of dollars through the sale of worthless junk bonds. Reuter reports from Los Angeles.

Mr Keating, an anti-pornography crusader known for his expensive lifestyle, faces a sentence of up to 10 years in prison, although under California guidelines he would serve only five.

The jury pronounced him guilty late on Wednesday on 17 of 18 counts of fraud after a two-month trial. His attorney indicated he would appeal.

The failure of Mr Keating's bank, the Lincoln Savings & Loan Association, is expected to cost US taxpayers $2.6bn, making it the most costly closure of a savings and loan in US history.

As many as 25,000 bond buyers lost an estimated $250m when Lincoln's parent company, American Continental, filed for bankruptcy. Lincoln, which Mr Keating ran, was seized by federal regulators shortly afterwards.

Mr Keating, who became a symbol of the collapse of savings and loans, had been charged with defrauding depositors by encouraging them to buy American Continental junk bonds.

According to prosecutors, Mr Keating told his sales staff to seek out "the weak, the meek and the elderly", an assertion the defence denied.

Steel strike hits Chile as unions flex muscles

By Leslie Crawford in Santiago

MORE than 3,400 steel workers are on the fifth week of a strike that has shut down Huachipato, Chile's only iron and steel mill, and forced the country to import steel.

The strike at Huachipato has become the longest and most deeply entrenched dispute in a private-sector company since Chile's return to democracy in March 1990. It follows a rash of strikes that began at the state-owned copper mines in July and spread to the health and teaching professions and the state railways.

Huachipato belongs to Compania de Aceros del Pacifico (CAP), a mining, steel and forestry group that ranks among the five largest private-sector holdings in Chile. Mr Stephan Schmidheiny, the Swiss entrepreneur, is CAP's biggest shareholder, with a 30 per cent stake. Huachipato's steel accounts for half of the group's $600m-a-year revenues. CAP estimates it is losing $60,000 a day as a result of the strike.

The steel workers voted this week to prolong the stoppage after rejecting the company's latest pay offer of a 1.5 per cent real wage increase and a no-strike bonus of $400.

"It's high time that CAP began investing in its workers," says Mr Juan Aliaga, a union leader at the steel mill near Concepcion in southern Chile. The talks, he says, are stalled, but the union is anxious to reach a settlement before Christmas.

CAP, however, says it cannot afford union demands for an across-the-board pay rise that would increase the wage bill by 10 per cent. The strike comes at a difficult moment for the company, which has seen profits plummet because of depressed steel prices. CAP is also in the midst of a $900m expansion plan.

The Huachipato dispute reflects the growing militancy of trade unions in Chile's new democratic environment. President Patricio Aylwin's government has restored labour rights suppressed under military rule, and unions are using their recent freedom to test their strength.

In the fast-growing sectors of the economy, such as telecommunications, employees have won large pay increases without recourse to stoppages.

But in the public sector, the government is only adjusting wages in line with inflation. Copper workers also failed to coax more money out of Codelco, the state copper corporation, despite strikes in July and August.

Brazil keeps its faith in privatisation

Privatisations are boosting the government's credibility rather than fiscal balance, writes Christina Lamb

IT BEGAN with teargas and riots outside the Rio stock exchange, several postponements and 27 legal challenges. But Brazil's privatisation programme is finally under way.

Since October, the government has sold Usiminas, Latin America's largest steel mill, Cosinor, a loss-making steel mill, Celma, an aircraft maintenance company, and Mafersa, a loss-making railway and underground train producer.

Another 23 companies are to be auctioned by the end of next year with the aim of raising $18bn. President Fernando Collor's 20-month-old government is declaring the programme its first success story.

However, the benefits may be more psychological than financial, raising the government's credibility rather than its fiscal balance.

Of $1.69bn raised so far, only $125 was actual money – in fact, cruzados seized by the Collor government last year when it froze 80 per cent of savings as part of its shock economic plan.

The rest consists mostly of domestic debt instruments, which are known locally as "rotten money", have almost no secondary market and, creditors thought, would never be honoured.

Brazilian banks and pension funds, which have in the past been forced to take on federal government debt, and construction companies owed money for public sector projects are using the opportunity to offload the debt at par in return for shares in a privatised company.

The first sale (75 per cent of Usiminas) raised $1.15bn. Of that, 45 per cent was in Siderbras debentures – debts owed by the holding company for state steel mills. Siderbras was liquidated last year owing several billion dollars.

Another 18.5 per cent consisted of matured government debt. A further 17.3 per cent was made up of National Development Fund Titles (OFNDs) – shares that financial institutions were forced to buy in 1986 in a mutual fund of state companies which never became operational. Privatisation certificates (CPs), which banks were forced to buy but which are worth only about 20 per cent of face value on the secondary market, made up 15.8 per cent more.

Andrade Gutierrez, a construction company, bought 21.4 per cent of Celma using government-accrued debt. The Cosinor sale represented a loss for the government, which had to forgive debt of $100m in order to raise $14m. To sell Mafersa, the government pardoned $38m to raise $50.8m, more than half of which was in OFNDs and the rest in Siderbras debentures. However, while the fiscal benefits may be less than obvious, the programme is achieving an important objective in lessening the role of the state. After the Usiminas sale, a relieved Mr Eduardo Modiano, head of the programme, said: "This is Brazil's first step towards modernisation." Next year, the government plans to sell all its steel, fertiliser and petrochemical companies.

Moreover, the programme should over the long-term generate considerable fiscal savings.

Mr Sergio Zendron, a director of the programme, asserts that "the whole point is to reduce debt rather than bring in new money which would have an inflationary impact. The sales so far represent a reduction in the stock of debt and considerable saving in interest."

Mr Joel Korn, president of Bank of America in Brazil, says that "the programme should be viewed less in terms of revenue enhancement and more in terms of savings on expenses. There may be no immediate fiscal reflection but it will be really important beyond 1992."

Just two months ago, the programme, already delayed from June 1990, seemed doomed. The Usiminas auction, set for September 24, was cancelled minutes before it was due to begin, because of a flurry of legal actions banning the use of debt and militants blockading the stock exchange. The sale finally took place on October 24, but only after a congressional enabling vote the night before. Some 80 protestors were injured.

The confusion, not surprisingly, had repercussions in the outside world, and Mr Zendron admits that the most depressing part of the programme has been the lack of foreign interest. Foreigners have also been deterred by Brazil's continuing recession, economic instability, and high inflation.

Bankers say that, rather than convert debt into shares at a 25 per cent discount, they prefer to hold on for a comprehensive renegotiation of Brazil's foreign debt early next year.

Talks are under way with Brazil's commercial bank creditors this week in New York.

Despite Mr Modiano's roadshow through Europe, Japan and the US, and $35bn available in matured foreign debt (DFAs), foreign participation has been minimal and the price of DFAs has dropped from 40 cents to 25 cents since mid-September.

The only foreign involvement has been the 5.9 per cent of Usiminas shares bought by Nippon Steel, and General Electric's 11.2 per cent stake in Celma. Moreover, this lack of interest has depressed prices.

Nevertheless, Mr Zendron maintains that the situation will soon change. "Lack of credibility is reverting and people are beginning to believe in the sales," he said. He gets some support from analysts, who say that foreigners will find the petrochemical sector, which goes on sale next year, more attractive.

It is in areas such as this that the real test to Brazil's commitment to privatisation will come, especially as it starts involving services and the nation's sacred cows, like Petrobras, the state oil monopoly, for which constitutional changes will be necessary.

LEGAL NOTICES

REGISTERED IN ENGLAND
COMPANY NUMBERS 01590639, 2271886, 578428 and 2146316
Roman Homes plc
Roman Homes (Developments) Limited
Frank Tyldesley Limited
Constant Management Services Limited

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named companies will be held at West Bromwich Moat House Hotel, Birmingham Road, West Bromwich on 17 December 1991 at 11:00 am for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:

(a) they have delivered to me at the address shown below, no later than noon on 17 December 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with me any proxy which the creditor intends to be used on his behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Date 2/12/91
John F Powell & Ian N Carruthers
Joint Administrative Receiver

VALE DESIGN AND CONSTRUCT LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at:
Park Hotel, Park Place, Cardiff
on 19 December 1991, at 11.00 am, for the purpose of having laid before it a copy of the report prepared by the Joint Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.
Creditors are only entitled to vote if:
(a) they have delivered to us at the address shown below, no later than noon on 18 December 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.
Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.
Dated this 28 day of November 1991.
J. P. Considine
Joint Administrative Receiver
Cork Gully
Churchill House
Churchill Way
Cardiff CF1 4XQ.

PROSPECT CONSTRUCTION (SOUTH YORKSHIRE) LIMITED
Registered No. 1532813

Trade Classification: 25
Name and address of joint administrative receivers:
David John Stokes and Christopher John Hughes
Cork Gully
1 East Parade
Sheffield
S1 2ET.
Office holder numbers: 2682 and 2041.
Date of appointment: 25 November 1991.
Name of appointer: National Westminster Bank.

Y T PERMANENT INVESTMENTS LTD
Registered number: 1241719

Nature of business: Investment Company
Trade classification: 38
Date of appointment of administrative receivers: 21st November 1991.
Name of person appointing the administrative receivers: Samuel Montagu & Co.
Joint Administrative Receivers: L. D. B. Bond and C. J. Hughes
Office holder Nos. 1289 and 2041
Of Cork Gully
Shelley House
3 Noble Street
London
EC2V 7DQ.

COMPANY NOTICES

MEXICO
(United Mexican States)
US$ 30.000.000
8¾% Bonds 1991

FINAL REDEMPTION

NOTICE IS HEREBY GIVEN that all the outstanding bonds of the above Loan, amounting to US$12,500,000 nominal capital, will be redeemed at par on 15th December, 1991, from which date all interest thereon will cease.
These bonds may be presented at the offices of either the Fiscal Agent or the Paying Agents (set out on the reverse of the coupon) in the manner specified in Condition 7 of the Terms and Conditions of the Loan printed on the bonds, for repayment of the principal and for payment of interest due against Coupon No 36 dated 15th December, 1991.

Fiscal Agent:
N M Rothschild & Sons Limited
New Court, St. Swithin's Lane
London EC4P 4DU

6th December, 1991

CLUBS

ART GALLERIES

UK NEWS

Diplomatic bags are taken to the prison cleaners

By David Owen

THE government yesterday admitted that a quantity of bags containing Canadian diplomatic mail had been accidentally sent to a prison laundry.

Mr Mark Lennox-Boyd, a foreign office minister, had the hapless task of telling MPs in the House of Commons that Wandsworth prison in south London had received the misdirected mail along with a routine laundry delivery.

The prison holds, it transpires, a long-term contract to clean the Foreign Office's diplomatic pouches.

But the House of Lords was later assured that it would not happen again - in future bags would be turned inside out as a precaution.

Mr Lennox-Boyd said: "We learned some days ago that bags containing Canadian diplomatic mail had been discovered by staff at Wandsworth prison.

"Steps were immediately taken to recover the diplomatic mail and to investigate the incident." The Canadian High Commission was "perfectly satisfied" with the outcome of the preliminary investigation.

But Mr Gerald Kaufman, Labour's spokesman on foreign affairs, said the government should "come clean" over the incident: "Is it true that an interval of several days elapsed between the discovery and the search? How much material is still missing…how much of this material, missing or retrieved, is sensitive material?"

Labour attempted to use the incident to increase pressure on Mr Kenneth Baker, the embattled home secretary, maintaining that Mr Baker and not "the most junior available minister in another department" should have answered its questions.

Mr Gerald Kaufman, shadow foreign secretary, also asked whether it was true that a watch was among the mislaid material. "What guarantees can you provide that other metal objects cannot find their ways into prisons in the way this did, and disappear as this did?", he asked.

Mr Lennox-Boyd insisted that it was a foreign office matter and that the watch allegation was "news to me."

Government to isolate rebels over EC union

By Philip Stephens, Political Editor

THE government has planned a powerful campaign to isolate Mrs Margaret Thatcher and other potential Conservative rebels if Mr John Major reaches a deal on European union at next week's Maastricht summit.

Mr Douglas Hurd, the foreign secretary, has indicated that the "whole persuasive authority" of the government will be thrown behind any accord in order to extract the maximum political advantage.

Other senior ministers said yesterday they would move to crush a possible revolt among a handful of junior ministers. They are ready, if necessary, to shrug off the possible resignation of a up to four lower-ranking ministers.

Senior ministers, however, are dismissive of recent speculation that Mr Peter Lilley, the trade and industry secretary, might also consider quitting the government if Mr Major makes significant concessions to his European partners.

The government's tactics after Maastricht were discussed yesterday at a special session of the Cabinet. There was agreement that by far the best outcome was a deal with Britain's European partners.

Ministers, however, have contingency plans to respond quickly to any breakdown at the summit. Mr Douglas Hurd said in an interview with the FT earlier this week that the positive approach and clarity underlying Britain's stance would leave Mr Major in a strong position if he was forced to reject a deal.

Mr Hurd added that if, as he hoped, the summit was successful the government would embark on a high profile campaign

to present the package as a success.

The tactics would in part be designed to isolate in advance those Conservative MPs - perhaps 20 or 25 and including Mrs Thatcher - who are expected to oppose almost any deal.

One senior minister emphasised that any agreement would fall clearly within the guidelines of the position set out by Mr Major at the Maastricht summit - and on that basis the Government would be fully justified in demanding the support of its supporters at Westminster.

Labour expels Liverpool MP

BRITAIN'S opposition Labour party yesterday expelled Mr Terry Fields, the left-wing Merseyside MP, amid allegations that he was a member of Militant, the Trotskyist splinter group banned by the party.

Mr Fields, who represents the constituency of Liverpool Broad Green in north west England, learned of the decision at a meeting of Labour's disciplinary national constitutional committee in Kirby, Merseyside.

In July, Mr Fields was sentenced to 60 days in Liverpool's Walton jail for failing to pay his poll tax bill of £373. An appeal against the sentence failed and he served 58 days in prison, pledging on his release to continue his campaign.

Mr David Nellist, the Labour MP for Coventry South East, also faces possible expulsion from the party at a similar hearing tomorrow.

The two MPs were suspended – prohibiting them from standing as Labour candidates – from the party in September when an inquiry was started after Militant fielded its own candidate against the official Labour candidate in the Liverpool Walton by-election in July. In spite of demonstrations of support, the MPs were also barred from taking part in proceedings at the Labour party conference in Brighton. Militant opposes the centrist moves of the Labour leadership and advocates policies abandoned by party moderates.

Terry Fields in defiant mood yesterday

Lamont claims UK economy is heading for growth

By Ivor Owen and David Owen

IN SPITE of some "mixed signals" there were good reasons for believing that economic growth would gather momentum over the coming months, Mr Norman Lamont, the chancellor of the exchequer, told the House of Commons last night.

He cited the rise in "real incomes" and the prospect of increased consumer spending as the full impact of lower interest rates fed through in countering renewed charges by Labour leaders that the severe and continuing recession was damaging all parts of the economy.

Mr John Smith, Labour's finance spokesman, criticised the "wait and see attitude" that the government had substituted for "a policy of recovery from recession."

He maintained that the very best that could be said of the present position was that the country was "bumping along the bottom of a deep and damaging recession."

Calling for an "investment led" recovery, Mr Smith urged the chancellor to reconsider capital allowances for manufacturing industry, together with tax incentives to aid research and development.

He said widespread opinion in industry favoured such changes which would help British companies to compete against the Germans and others when the single European market came into being in 1993.

Earlier Mr Neil Kinnock, the Labour leader, said a claim by Mr John Major, the prime minister, that the economy was moving back into growth showed that he "was not living in the real world".

The chancellor, however, accused Labour of trying to "talk down" the economy because it feared that the growing indications that recovery was under way would damage their electoral prospects. Mr Lamont acknowledged the frustration and impatience of businessmen who wanted to see demand picking up more quickly.

He insisted: "It is simply not normal for the British economy to move instantly from recession to speedy growth. Current conditions are exactly what one would expect to see at the turning point between recession and recovery."

Nissan and Fiat suffer from slump in new vehicle sales

By Kevin Done, Motor Industry Correspondent

NISSAN of Japan and Fiat of Italy have been the biggest victims of the slump in new vehicle sales in the UK, according to industry figures released yesterday.

Nissan, whose sales have been depressed by the impact of its long-running battle with its privately-owned British importer/distributor Nissan UK, suffered a 40 per cent fall in its sales volume in the first 11 months.

The Fiat group, which holds second place in the western European new car market with a share of around 12.7 per cent, has captured only 2.5 per cent of the UK new car market in the first 11 months this year compared with a share of 3.1 per cent a year ago.

Fiat's sales volume has plunged by 36.2 per cent reflecting a 37.1 per cent drop in sales of Fiat cars, a fall of 50.3 per cent in Lancia and 14.6 per cent for Alfa Romeo.

Overall new vehicle sales fell sharply in November, as the recession in the motor industry, now in its third year, showed little sign of easing.

New car sales fell 14.4 per cent in November to 100,608 from 117,499 in the same month a year ago, the lowest November total since 1980. Such car sales last month were a third below the level of November 1988.

Sales of new commercial vehicles also fell. They plunged last month by 31.6 per cent to 13,814. New commercial vehicle sales in the first 11 months have fallen by 29.5 per cent to 197,733.

According to figures released by the Society of Motor Manufacturers and Traders, new car sales in the first 11 months of the year at 1,534,052 were 21.2 per cent lower than in the corresponding period a year ago.

The Peugeot group of France, which includes Citroën, has emerged as the main winner helped by the growing popularity of diesel-powered cars, where it is the market leader.

The corporate sporting life finds food for thought

Entertaining at major events remains a good way to impress clients writes **Michael Skapinker**

WHILE English football clubs Tottenham Hotspur were beating Nottingham Forest to take the FA Cup last May, the spies from Egon Ronay were up in the corporate hospitality boxes at Wembley, sampling the food.

The cold lobster was sweet-tasting and firm but the potatoes were hard and the vegetables lacklustre, said the inspectors.

At the Wimbledon tennis tournament a month later, the lamb cutlets were found to be tender and succulent and the mango sorbet excellent.

Good food can be found in the corporate hospitality tents at Britain's big sporting events but it is more often "dull and lacking imagination", according to Egon Ronay's 1992 hotel and restaurant guide.

The guide, published this week, includes a special investigation of what sports-goers receive when they or their hosts pay £175 for a day's cricket at Lord's in north London or £550 for a warm and comfortable seat at the FA Cup final.

Companies told Egon Ronay they were tending to entertain top customers only, which, Egon Ronay said, appeared to have led to a decline in drunken behaviour . . . apart from a few executives at Lord's.

The service at the events was usually competent, with catering colleges providing most of the staff. An exception was the wobbly waiter at the Epsom Derby horse race whose every approach "caused a ripple of tension and the expectation of a large laundry bill".

In spite of the drawbacks, the Egon Ronay guide thought being invited to one of the events of the British sporting season remained a good way to impress clients, particularly those from overseas.

Ms Shelagh Lester-Smith, the UK-based European corporate communications director at Motorola, the US electronics group, agreed with Egon Ronay that pomp and circumstance could make up for indifferent catering: "Americans adore coming to Ascot. When they've seen the Queen bowling along in one of the carriages, the last thing they care about is the food."

At the Tour de France, on the other hand, which Motorola sponsors, the food is as impressive as the atmosphere.

Sponsors provide hospitality at the beginning and end of each day's racing, allowing each region along the route to show off its cuisine.

Hospitality services at events such as Wimbledon (above) still attract corporate backing

"We had excellent food in tiny, two-bit hotels, which tells you all you need to know about the difference between French and British catering," Ms Lester-Smith said.

Mr Bill Williams, an associate director of the PA Consulting Group, said service was a bigger shortcoming than food at UK events.

"The food tends to be three-star-plus standard. The quality of the service doesn't depend on the catering company you use; it depends on the staff that happen to be available that day. They're temporary staff that come from a rather large pool."

Mr Roger de Pilkyngton, sales director of Payne and Gunter, described by Egon Ronay as the best caterer at sporting events, said clients' expectations have changed over the years.

"At one time, a pie and a pint in the middle of a field were considered to be enough. Now some people sit in the middle of a field and think they're at Le Gavroche. People pay £150 and they think that's £150 for their lunch. They forget people have to put up marquees and loos."

Toilets were a sore point for the Egon Ronay spies. "There were endless queues for the 'superloo Portakabins', particularly at Queen's Club, Wimbledon and the Chelsea Flower Show where the ladies suffered most," the guide said.

The Chelsea Flower Show did get high marks, however, for reacting swiftly when the ladies' loo flooded.

"Everyone used the gents with an official on guard," the guide said.

Lamont claims U[K] economy heading for grow[th]

By Ivor Owen and David Owen

IN SPITE of some ... signals" there were ... sons for believing the ... nomic growth would ... momentum over the ... months, Mr Norman L... the chancellor of the ... quer, told the House ... mons last night.

He cited "the rise i... incomes" and the pros... increased consumer sp... as the full impact of ... interest rates fed thro... countering renewed ch... by Labour leaders th... severe and continuing ... sion was damaging all ... the economy.

Mr John Smith, L... finance spokesman, ... the "wait and see ap... that the government ha... stituted for "a policy f... ery from recession."

He maintained that ... best that could be sai... present position was th... country was "bumpi... the bottom of a deep an... aging recession."

thought

kapinker

Where do you find vast wheat fields with perfect water-skiing?

Legal decision threatens TV franchise plans

By Michael Skapinker, Leisure Industries Correspondent

ONE of Britain's leading television companies yesterday won the right to challenge the decision of the Independent Television Commission (ITC) not to renew its franchise – its licence to broadcast programmes – raising the prospect of action by other losers in last October's TV auction.

TSW Broadcasting, which covers south west England, received Court of Appeal backing for an application to seek judicial review of the ITC's decision, reversing a ruling in the High Court that the arguments of the television company, which was the highest bidder in the region, were "doomed to inevitable failure".

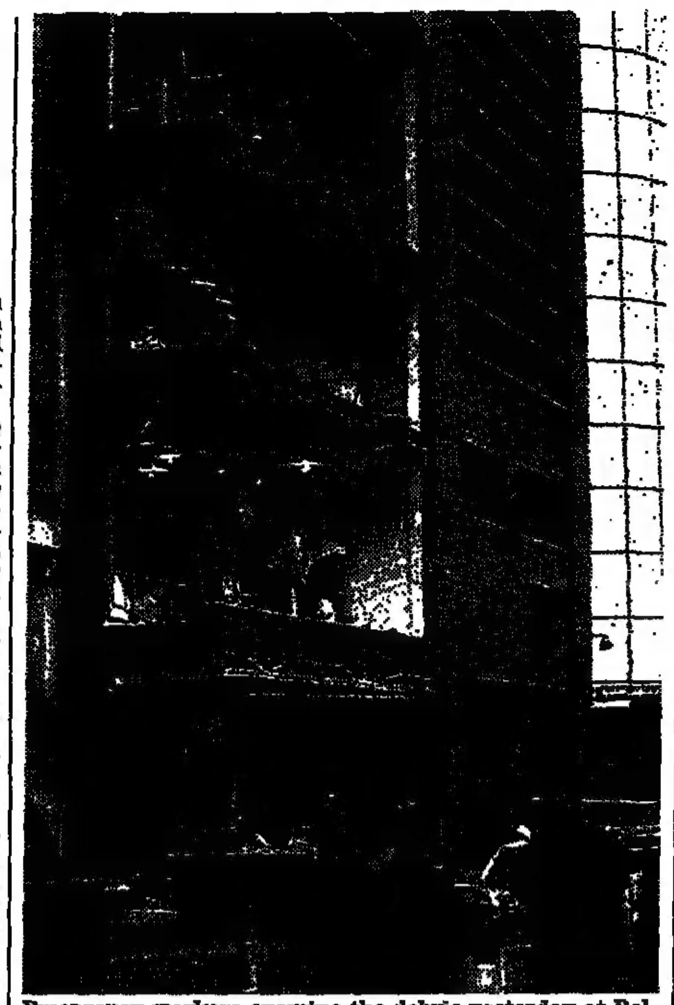
TSW took action against the ITC following the auction of franchises earlier this year in which the commission awarded commercial television licences for 15 regions around the UK. Under the terms of the auction the franchises were awarded to the highest bidder unless there were exceptional circumstances reflecting ITC concerns at the bidder's broadcasting plans.

Other companies which failed to win franchises - including TVS Entertainment and CPV-TV, the consortium backed by Mr Richard Branson and Mr David Frost - all said they were encouraged by yesterday's decision and were considering what action to take.

The presiding judge at yesterday's hearing said that overturning the ITC's decision could force the commission to invite new bids for the franchise, which was won by Westcountry Television. The bids might have to be open to other parties apart from TSW and Westcountry, he added.

Reopening the bids could prove severely disruptive to franchise winners, who are due to start broadcasting at the beginning of 1993. Westcountry said yesterday it was pressing ahead with its broadcasting plans. "TSW still has to prove its case against the ITC," Westcountry said.

Mersey Television, part of the North West Television consortium which bid for the Granada franchise, and TVS have both written to the ITC asking to see the documents which explained why they did not win their franchises. The ITC last week agreed in the Court of Appeal to hand over such a document to TSW.



Emergency workers examine the debris yesterday at Belfast's Europa Hotel, wrecked by a 1,000lb bomb which injured 18 people and caused damage estimated at £1m

Uranium 'lost' at reprocessing plant

By Clive Cookson, Science Editor

THE UK Atomic Energy Authority (AEA) shut down its Dounreay nuclear reprocessing plant in north Scotland yesterday after it was discovered that it had mislaid 10kg of highly enriched uranium. The quantity is just enough to make an atomic bomb.

The plant, which operates alongside the Dounreay fast reactor, will remain closed while an AEA expert on nuclear materials handling carries out an urgent investigation. He will also report to the Department of Energy.

"We don't know whether this is an accounting error or whether the uranium has gone astray in some way," the AEA said. "It is difficult to speculate, until we know where the material is and what form it is in." AEA officials believe it is extremely unlikely that the uranium has been physically removed from the plant, which has a high level of security and sensitive radiation monitoring to detect accidental loss or deliberate removal of radioactive material.

Uranium is very dense – 10kg of uranium metal would be about the size of a football – but the material could be in another form, for example a compound dissolved in liquid.

"Highly enriched" uranium contains at least 20 per cent of uranium-235, the radioactive isotope which fuels nuclear reactors and atomic bombs. It would have to be wrapped in a thick layer of lead to shield it from radiation detectors.

The loss was discovered during a routine stocktaking at Dounreay, which reprocesses one tonne per year of spent fuel from research reactors in the UK and overseas.

Dounreay is much smaller than the British Nuclear Fuels plant at Sellafield, north west England, which handles fuel from commercial power stations.

Friends of the Earth, the environmental pressure group, said the "staggering" disappearance "demonstrates at the very least lax procedures." The Scottish National Party said the "scandal" was the latest in a series of management failures and poor materials accountancy by the AEA.

Household spending rises to £247 a week

AVERAGE spending per head in the UK rose 11.7 per cent between 1989 and 1990, according to the 1990 Family Expenditure Survey published today, writes John Willman.

Weekly expenditure in 1990 averaged £247 per household, or just under £100 a head. The richest fifth of the households spent £144 a week per head on average, the poorest fifth £54 a head.

Spending on food has fallen steadily over the years as a proportion of total expenditure, from a third of the total in the 1950s to less than a fifth by 1990. Housing costs have risen in the same period and now match family spending on food for the first time in the survey's history.

The proportion spent on motoring and travel fares is also on the increase. This has doubled since the 1950s and now accounts for 16 per cent of household expenditure.

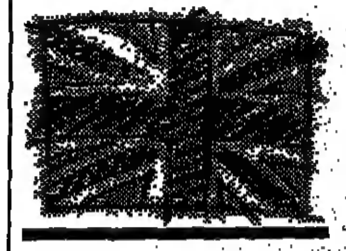
The average British family spent £45 a week on food in 1990, £40 on motoring and transport and £16 on clothing and footwear. £10 a week went on alcoholic drinks, £4.82 on tobacco and £1.48 on cosmetics, compared with 92p on charitable gifts.

The richest fifth of households spent seven times as much as the poorest fifth on alcoholic drinks, 12 times as much on leisure services such as holidays and 18 times as much on motoring expenses.

Average gross family income was £336 a week in 1990, up from £304 in 1989. Almost three-quarters of this total comes from earnings, with 11 per cent from state benefits.

Family size is at the smallest size ever, with an average of 2.48 people per household. The number of people aged 65 or over is the highest ever at 0.38 per household. The data collected in the FES – which includes a notional rent for housing – is used to create the representative basket of goods and services which is used to compile the Retail Prices Index.

BRITAIN IN BRIEF



ECGD sale will net £7m to Treasury

The Treasury will receive only £7m this year from selling the short term insurance division of the Export Credit Guarantees Department: a tenth of the gross sale price which the government announced earlier this week.

Mr Peter Lilley, trade and industry secretary, has published figures showing that while for NCM, the Dutch private sector credit insurer, the sale will cost £70m, net government receipts will be just £12m. However £5m of the receipts will be deferred until 1996 and will depend on the performance of the short term insurance division in the private sector.

Water shortage risk increases

The performance of water companies in England and Wales in 1990-91 presented a mixed picture, with most showing improvements but some a deterioration in services. The report from the Office of Water Services says nearly 12m people are exposed to too great a risk of water shortages, mainly in the south of England.

Rise in banknotes

British banknotes in circulation have taken an upward trend, reflecting a pick-up in retail activity in the run-up to Christmas and Sunday trading by supermarket chains. Figures from the Bank of England showed banknotes rose 2.6 per cent over the week to December 4 compared with the same week a year ago.

£400m power station plan

East Midlands Electricity, leading a consortium of French and Spanish power generating companies, has applied to the government and local authority for planning permission to construct a £400m gas-fired power station in Lincolnshire. It anticipates construction on an 18-acre site to begin in January 1993, with the first power produced by October 1995.

Narrowing in food trade gap

Britain's trade gap on food and drink will narrow slightly this year but will still account for more than 80 per cent of the £6.5bn total current account deficit forecast by the Treasury, Food from Britain, the government-sponsored export promotion body has told MPs.

The group told a Commons committee that on recent trends Britain's food and drink deficit with other northern European countries would rise from £3.1bn last year to £4bn by the year 2000.

Widening in directors' pay

Directors of small companies earn less, have fewer benefits and take less holiday than their counterparts in larger businesses, according to a survey by an employment consultancy and the Institute of Directors.

The survey showed that directors of companies with turnover of less than £20m earned an average of £37,700 a year compared with £44,900 for all directors, though both categories received increases of 8 per cent on average last year.

Union would cut managers

Many senior British Coal managers would be replaced in the event of an employee buy-out, the Union of Democratic Mineworkers has said. The UDM opposes coal privatisation but believes that if it does go ahead employees should have a holding of 25 per cent, held in an employee share ownership plan, and a corresponding number of seats on the board. The UDM proposes that 10 per cent of shares be given free to employees, who could apply for a further 15 per cent on special terms.

Schools need extra £671m

Primary schools in England and Wales need at least an extra £671m a year – equivalent to the entire budget for school buildings – if they are to implement the national curriculum effectively, consultants Coopers and Lybrand Deloitte have said.

The report, for the National Union of Teachers, estimates that the extra spending is necessary over a five year period to meet additional demands for teaching staff, books and equipment necessary to meet the new curriculum, which is currently being introduced into primary schools.

LSE companies 'perform better'

Companies quoted on the London Stock Exchange have consistently displayed higher sales growth, productivity and profitability than comparable unquoted companies in the UK, according to a new study by the City University Business School. Results of the research into corporate performance suggest that there is no evidence to support allegations of "short termism" made against the City.

Baker attacks views of Le Pen

Mr Kenneth Baker, the home secretary, has condemned the opinions of Mr Jean-Marie Le Pen, the French National Front leader who is visiting London, saying that neither he nor any Conservative MP had "any agreement whatsoever with the racialist views that he is peddling."

'Alice house' is for sale

The house which inspired Lewis Carroll's book Alice in Wonderland is being sold. The 15-inch-high door through which Alice disappeared to start her adventures is still in the hallway of the building near Cirencester, in south west England.

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FINANCIAL TIMES SURVEY

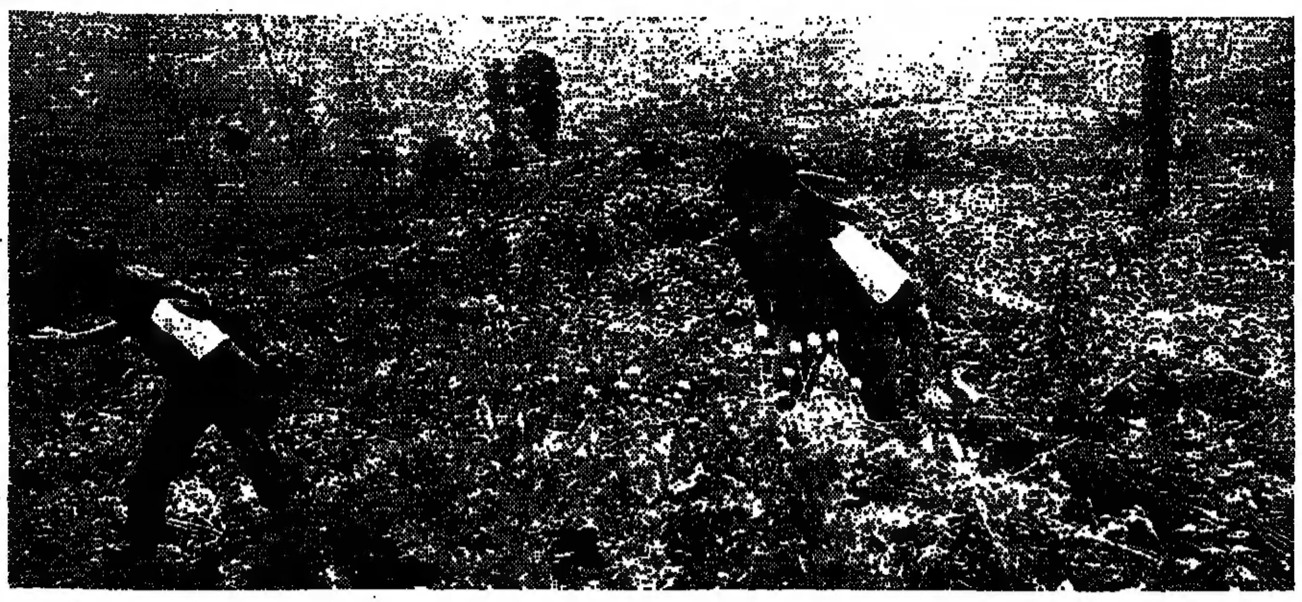
COLOMBIA

Friday December 6 1991

Key facts and economic data Page 2

An important new find may see oil earnings continue their climb Page 3

■ Rudolph Hommes: 'a type of economy that's new to us'



■ A sinister crop indicated the spread of a new menace: heroin. Drug troopers hack down poppy fields

Photographs. Timothy Ross-Picture Group

■ President Cesar Gaviria: recognises the need for change

Rule of the market and the gun

The country's economy has been diversified and democracy has permeated local politics, yet the policy of *apertura* has also brought its share of problems, says Stephen Fidler — most disturbingly, through the re-entry of drugs money

COLOMBIA IS, on the face of it, entering a new era. The administration of President Cesar Gaviria assumed office in August 1990, and has moved ahead on two fronts: accelerating the economic opening of the country to outside influence, and *widening the base of political support for* the state.

The terrorism of the drugs traffickers that marked the latter days of the previous administration of President Virgilio Barco has subsided. Leaders of the country's most notorious narcotics gang, the so-called Medellin cartel, are behind bars. The two main guerrilla groups remaining outside the political system are pursuing a dialogue with the government about ending their conflict.

After hitting a low point two years ago, with the assassination of Mr Luis Carlos Galan — the Liberal party's candidate for president, and therefore the favourite for the post — economic confidence is on the increase. The country has, over the past decade, successfully diversified its economy away from coffee. It is on the verge of big increases in production and export of oil, with the development of the Cusiana field, and of coal. Capital is flooding into the country.

But Colombia is, as ever, an enigma. One of the most cultured countries in Latin America, it has long been among the most violent. Even though narco-terrorism has waned, there has been no let up in the number of people dying violently. Despite a new political constitution that calls itself a "peace treaty for the Colombians", far more people continue to be killed relative to the population in Medellin than died at the height of the civil war in Nicaragua.

The terrorism ended with the administration's pledge not to extradite drugs traffickers to the US. The voluntary surrender of Pablo Escobar and other leaders of the *ruthless Medellin cartel followed. This* apparent end of President Barco's "war" against the narcotics traders has brought strong criticism from the US, which sees the Gaviria administration as having gone soft on the traffickers.

The government disputes this, claiming that its vigour in confronting the traffic is leading to displacement of the business to other countries in the region. Whatever the case, there appears to have been no let up in activity by the Medellin group or of other Colombian drug-runners.

Many Colombians also believe that the web of the drugs gangs is spreading further into the political system. Such links were suggested last month at the trial of the former Panamanian dictator, Manuel Noriega. A convicted drugs trafficker, Carlos Lehder, spoke of links between the former Colombian president, Mr Alfonso Lopez Michelsen, and the Medellin cartel. Mr Lopez Michelsen has denied the claim.

The opening of the economy has also had the unfortunate side-effect of encouraging the re-entry of drugs money. Many legitimate Colombian businessmen worry about a further permeation of narco-dollars through the economy.

Meanwhile, the drug tsars themselves are reducing their reliance on cocaine by moving into a new, more profitable and dangerous product: heroin. The discovery of more than 900 hectares of poppy fields earlier this year in one part of Huila province indicated the extent of the spread of the new menace.

Most of the poppy fields are said to be in areas under the influence of the two guerrilla groups, FARC and the ELN, with which the government has been negotiating in peace talks in Caracas. Partly because of this, few people are optimistic about a quick resolution to the talks. Even if resolved, there will almost certainly remain rumps of the two organisations fighting as bandits or as terrorist groups along the lines of Peru's Sendero Luminoso guerrillas.

Despite all this, there is no doubting the conviction of President Gaviria and his administration of the need for change in Colombia. In August, the government cut the maximum tariff for most products to 23 per cent, 18 months ahead of schedule. On some goods, tariffs were reduced to zero, a severe blow to the once lively trade in contraband.

Meanwhile, the government has pursued active negotiations to build trade ties in the region, particularly through a revived Andean Pact and the Group of Three linking Colombia to Venezuela and Mexico. The government is keen on pursuing economic integration with Venezuela, according to one senior official.

Colombia's financial, investment, foreign exchange and tax regimes have all been liberalised in an economy which, if not hugely successful, had been one of the least unsuccessful in Latin America. Mr *Rudolph Hommes, the finance minister,* suggests that Colombia has been unusual in the region, having opened up the economy "when we didn't have a crisis".

The administration's analysis, and that of others, showed Colombia falling prey to creeping inflation, and a growth rate that was slowing over time. According to the World Bank, "during the last two decades, the country has experienced low and frequently negative productivity growth in most sectors", which would hold back growth in the future.

With an economy in this condition, the prospects seemed poor for reducing pervasive and grinding poverty. The quarter of the population with insufficient to eat remain a threat to social stability.

However, the economic *apertura*, as it is called, has brought its share of problems. Interest rates have been higher than they would otherwise have been, because of the inflows of capital into the country. The country's foreign exchange reserves have risen by close to \$2bn this year (of which, government officials guess, about 60 per cent is drugs money). High interest rates have helped to reduce growth to under 2 per cent, though this is expected to prove the low of the cycle.

The government has on occasions given the impression of vacillating, and its decision this year on a temporary revaluation of the peso was unpopular with exporters. As Mr Hommes says: "We are dealing with a type of economy that's new to us, too."

Priorities for the future include more infrastructural spending. With the country divided by three spurs of the Andean mountain range, land communications between the regions are extremely poor, leading to strong regional differences and high transport costs. A particular focus will be on education.

On the political front, *apertura* has also advanced under President Gaviria. More democracy has permeated local politics: mayors are elected, as are governors of departments, who were previously appointed by the president.

Elections for the congress that convenes this month in Bogota have diluted the power of the traditional ruling Liberal and Conservative parties, with the election of outside candidates, for example from the former M-19 guerrilla movement. The president has attempted to reflect this greater plurality in his cabinet.

The priority of the new congress will be to put flesh on the skeleton of the constitution. One important development, says Mr Andres Pastrana, a conservative senator, would be a simplification of the new balloting procedures. A complex ballot paper, giving voters a choice among scores of candidates, keeps spoiled and void papers high in a country where abstention rates are already near 70 per cent.

Colombia today is a confusing confrontation of different forces. On one hand, the government is tackling privilege on both the economic and political fronts. On the other, the power of the drug barons is showing no signs of abating and may even be on the increase.

Whether the new era dawning over Colombia will be one of a free market and an open democracy, or one of the gun law of the narcotics gangs, thus remains open to debate.

IN THIS SURVEY

KEY FACTS

Area	1,141,748 sq km
Population	33.0 million (1990 estimate)
Head of State	President Cesar Gaviria Trujillo
Currency	Peso
Average Exchange Rate	1990 \$1 = 502.26 pesos; £1 = 886.62
	November 25 1991 \$1 = 624.03 pesos; £1 = 1,122.94

ECONOMY	1990	Latest*
Total GDP (\$bn)	41.1	n.a.
Real GDP growth (%)	4.2	n.a.
GDP per capita (\$)	1,246	n.a.
COMPONENTS OF GDP (%)		
Private Consumption	64.5	
Total Investment	19.1	
Government Consumption	10.0	n.a.
Exports	20.0	
Imports	-13.6	
Agriculture as a % of GDP	23.0	n.a.
Consumer prices (% change pa)	29.1	21.9
Producer prices (% change pa)	26.6	19.8
Unemployment (% of lab force)	10.6	9.9
Reserves (\$bn)	4.6	6.5
Narrow Money growth (% pa)	25.8	4.6
Broad Money growth (% pa)	29.7	12.3
Discount rate (% pa, end period)	46.1	46.3
Total external debt (\$bn)	17.6	16.3
Current Account Balance (\$bn)	0.4	
Exports (\$bn)	7.1	n.a.
Imports (\$bn)	5.1	
Trade Balance (\$bn)	2.0	
Main Trading Partners (1989, % by value)	Exports	Imports
US	43.2	36.0
Latin America	10.0	20.3
West Germany	8.6	6.9
Japan	4.4	9.4

*1991 figures September, except reserves (October) and debt (June)

Sources: IMF, Economist Intelligence Unit, Banco de la Republica

Stephen Fidler appraises the economy

On a tide of money

THE COLOMBIAN economy has surprised the country's policymakers.

The reduction of tariffs and freeing of restrictions on capital movements was expected to lead to a surge of imports and an outflow of funds. The reverse has happened: imports have dropped, and so much money is flooding into the country that there are problems in managing monetary policy.

Reserves rose by \$1.9bn in the first 10 months of the year, from \$4.5bn at the end of 1990, and now exceed the money supply as measured by M1. Meanwhile, exports appear not to have suffered, though the exporting sector opposed a July revaluation of the peso.

A complex series of factors has brought about this unexpected response. The initial reduction in import tariffs, after the administration of President Cesar Gaviria took office in August 1990, was accompanied by a promise that there would be further gradual reductions in the future. Importers decided to delay bringing goods into the country until the tariff rates were reduced. This was one factor prompting the government to reduce in one step, 18 months ahead of schedule, the planned maximum tariff to 28 per cent. Undoubtedly, too, importers have been under-invoicing (and exporters over-invoicing), thereby exaggerating the figures.

According to Eduardo Lora Torres, executive director of Fedesarrollo, a Bogota-based economic research group, another reason why imports did not rise sharply was that the tariff cuts made a smaller difference to the effective protection of Colombian industry than at first sight appeared to be the case.

This was not only for cultural reasons, such as the preference for certain locally grown food, but also related to factors such as the high cost of transporting goods within Colombia. Widespread smuggling also meant that many goods were, in any case, already coming across the borders duty-free.

None the less, exporters have been giving the government a hard time, particularly over the revaluation. This is despite the government's argument that the real value of the peso has only been temporarily increased – the crawling peg, invented in Colombia, continues at a higher pace – and only to levels at which Colombian companies were successfully importing a year ago.

The government's admitted mistake was to speed up the pace of the devaluation when it started to reduce tariff barriers to soften the blow on domestic companies that it mistakenly thought would be hit hard.

The speedier devaluation instead made it more difficult to control inflation, which in 1990 rose to the historically high level of 32.4 per cent. It will probably come down this year to 27-28 per cent; but that is above the government's target of 22 per cent, which means that its main aim next year will still be to bring down inflation, rather than to accelerate growth as it would prefer.

This will mean continued budgetary stringency in 1992: the government needs to increase revenues by the equivalent of 1.5 per cent of gross domestic product next year. This will involve the passage of a tax bill through congress, although the president has powers to decree the higher taxes if necessary. It is likely also to include a politically unpopular rise in the price of gasoline.

The budget deficit this year is likely to be below 1 per cent of GDP. But it is argued that the deficit is in fact larger: this is because the total yield on the liabilities of the central bank – which has been issuing paper to soak up the liquidity flooding into the country – exceeds the yield on the assets.

The inflation priority will also mean that interest rates will have to remain high. This will perversely continue to put pressure on monetary policy. High real interest rates in Colombia (along with low interest rates in the US, and poor returns in other US and international markets, including real estate) have been one important factor in the return of flight capital into Colombia. (There is little likelihood of a big influx of foreign money, except for the finance of big projects such as the Cusiana oil development.)

Also encouraging capital inflows has been the lifting of restrictions on capital movements. Colombians may for the first time legally hold foreign currency. This appears to have meant that many of them now feel more comfortable about holding local assets, in the knowledge that they can switch them without fuss back into US dollars. A tax amnesty has also been declared, but is said by the finance ministry to have been responsible for about \$250m of the inflows.

The government is not, however, assuming that the inflows will continue indefinitely. As a result, it is conducting a steady policy on its foreign debt and not intending to make big repayments. Its foreign debt fell in the middle of the year to \$16.3bn, from \$17.6bn at the end of December. The government aims to negotiate, though, with the World Bank a mechanism whereby it may be allowed to repay some debt early – the Bank usually frowns on this – while extending maturities with new project loans.

Disturbingly, much of the capital influx – probably over half – is money being repatriated by drug traffickers. There are several elements to this: drug money responds to market forces, too, and is attracted by high interest rates. But there is also a view that the environment for drug traffickers in Colombia is more friendly than it was under the previous administration of President Virgilio Barco. This is providing, it is argued, a vehicle for a further permeation of Colombian business by the drug traffickers.

This is a worry for Colombian business, which argues also that the exchange rate is being set at a level which reflects not the competitiveness of legitimate business but instead the desire of drug traffickers to find a haven for their vast cash reserves.

The government finds it hard to argue with this. Exporters fear that the problem may get worse not better. While Colombia prides itself on its diverse export base – coffee exports accounted for less than 20 per cent of export revenues in 1990, compared with 51 per cent 10 years earlier – it may increasingly have a problem maintaining it. For not only is drugs money likely to keep the peso strong, but so will sharply higher export revenues from primary commodities such as oil and coal.

Timothy Ross-Picture Group

Tariff reductions have depressed one long-time illegal activity: smuggling. With duties on such contraband as whisky reduced to zero, many smugglers have been left without much of a living

The peso's revaluation is complicating trade

Exporters resentful

THE NEW Colombian minister of trade has taken office at an awkward time. As a result, Mr Juan Manuel Santos – a former journalist, who spent a decade in London as his country's coffee negotiator – knows he has his work cut out.

Exporting companies are accusing the government of President Cesar Gaviria of being "anti-exporter". After a decade in which Colombia has successfully diversified its exports away from coffee, which only 10 years ago made up more than a half of exports, its exporters believe they are under threat. A revaluation of the peso earlier this year, and what exporters see as inconsistency in economic policy-making, has been the cause.

Exporters worry that the peso is being set to take account of the inflows of drug funds into Colombia, and therefore at a level which endangers their competitiveness abroad. Moreover, they argue that the diversity of Colombian business is further threatened by primary products such as coal and oil, exports of which are expected to rise shortly and which will also tend to elevate the exchange rate.

From the government's point of view, boosting exports at this stage would merely enlarge the country's trade surplus and provide more fuel for the inflationary fire.

The minister says the government remains keen to keep a diverse export base. "We don't want to continue depending on primary products. Our emphasis will be on exports where we add value." None the less, the renegotiation of an international coffee agreement – talks over which start this month in London – are accorded a high priority.

The last two years have seen many barriers to trade with Colombia fall away. Tariffs have been reduced to a maximum 28 per cent. This alone has had the effect of depressing one long-time illegal activity: that of smuggling. With duties on traditional contraband such as whisky and foreign cigarettes reduced to zero, many smugglers have been left without much of a living.

After years of looking inwards, the economic opening has left the government seeking partnerships with other countries in the region. This would have been pointless even two years ago, because trade growth was blocked by the model of self-sufficiency that had guided economic policy in Latin America for more than half a century.

The moribund Andean pact – linking Colombia with Venezuela, Ecuador, Peru and Bolivia – has been revitalised. An Andean free-trade zone is planned to go into place next January. There is some scepticism about the importance of this development. Ecuador – worried about being swallowed by Colombia – is one of the few countries in Latin America not to have joined the trend towards a more open economy. Colombia's relations with Peru and Bolivia have traditionally been slight.

However, the link with Venezuela has been accorded a high priority by the government, signalling an end to years of poor relations between the neighbours. One senior member of the administration said its ultimate aim was integration with Venezuela. "We have very complementary economies," he said.

Reinforcing this impression, the former ambassador of Colombia in Caracas, Ms Nohemi Sanin, has just been appointed minister of foreign relations by the president after a successful tour of duty in the Venezuelan capital.

This also gives strength to the so-called Group of Three, which joins Colombia and Venezuela with Mexico. This has significance beyond the arena of trade. The G3 presidents, for example, have been making efforts to ensure a peaceful transition to democracy in Cuba.

The government has also received enthusiastically President George Bush's Enterprise for the Americas initiative. Still, relations with the US remain ambiguous. Washington has been highly critical of what it sees as the current administration's softer line against the Colombian drug traffickers, and there are also some disputes over trade.

Last month, for example, the US called on Colombia to negotiate quotas for its textile exports into the US. According to the minister, the request was "very badly received in Colombia", and runs counter to the free-trade principles encapsulated in the Enterprise for the Americas initiative.

Stephen Fidler

The role of privatisation, hitherto limited, is likely to grow

New life for inefficient banks

THE STATE has never played so large a role in the economy of Colombia as it has elsewhere in Latin America. As a result, privatisation plays a more limited part in the opening up of the economy than in the reform plans of neighbouring countries.

But some privatisation has taken place, and the role of private capital in what hitherto has been the preserve of the government is set to grow.

The income of the central government has been running at between 10 and 11 per cent of national product. The share of national product accounted for by the government and other state entities peaked in 1980 at above 30 per cent, but since 1985 has been constant at around 28 per cent. The proportion of government spending destined for investment has fallen from half of total spending in the 1970s to about a fifth more recently.

But the government is no more efficient in Colombia than anywhere else. Privatisation has started with the sale of banks baled out by the state in the finance crisis of the 1980s. Two have already been sold, the purchasers being Venezuelan; a third is in the process of being sold. The finance ministry expects to privatise two banks next year, and two or three in 1993.

The privatisation – together with new rules which allow foreign banks once more to take a majority stake in their Colombian subsidiaries – will, it is hoped, breath life into the country's inefficient banking sector.

The government will still own the tracks, but private operators will run the railway system

The private sector is also expected to play a role in infrastructure development. While the government will continue to own the tracks and the land on which its run-down railways sit, private operators will run the system. For example, the US company, Drummond, will operate on a line from coal deposits in Cesar province to a private port on the Caribbean near Santa Marta. Some 10m tonnes of coal a year are expected to be transported on this sector.

A private company is also set to operate, with Italian financing, a line along the Magdalena river to Santa Marta. The inefficient state ports monopoly, Colpuertos, is being broken up under a law passed at the start of this year. Many of its bureaucrats have been sacked. While the government believes that selling the ports would be too expensive, and therefore would not attract private capital, private operators are expected to be managing two ports – Santa Marta and Tumaco, on the Pacific coast – by next March. The process should be completed by 1993, when all five state ports should be being managed privately.

The government may also attempt to sell its power-generating plants. The power sector has been a great drain on government finances since the government was persuaded to spend vast sums, financed from abroad, for hydro-electric projects. The finance ministry believes that generating stations might be able to compete to supply electricity to a central grid, which may itself in time be privatised. Such generators might also have to compete with power exported from Venezuela.

A collection of miscellaneous enterprises, such as fisheries and paper mills owned by the state holding company, are also being sold off. A domestic airline run by the military is on the list, as are some government buildings and other properties.

Meanwhile, the municipalities, to which more power has been devolving in recent years, may also decide to sell enterprises that they own. For example, Bogota is considering the sale of its telephone company, most probably through a flotation on the Bogota stock market.

Stephen Fidler

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Agriculture: the coffee crisis has serious social implications

Lower prices percolate

COFFEE-GROWERS in Colombia are only just beginning to feel the impact of low international prices, more than two years after the collapse of the Coffee Pact.

They have been so well protected from world market prices that production has risen to around 15m bags a year, squeezing the national coffee fund and forcing Colombia to increase its stocks.

Although Colombia raised export volumes by 25 per cent in the two years following the end of the pact, earnings fell by 16 per cent. Now that the consuming countries hold 8m bags of coffee and non-members of the pact (especially east European nations) have reduced their purchases, exports have fallen again.

"We've had to retain nearly a million bags in 1990-91, and it'll be more in 1991-92 – but it would be even worse for the market if we tried to sell this," argued Jorge Cardenas, head of the coffee growers' federation, Federacafe.

Mr Cardenas believes that, unless producing countries act to reduce the supply of coffee by at least 5m or 6m bags, prices will stay down for another two years. He still favours a retention scheme of some kind, on the grounds that urgent measures are needed and that negotiating pact-style quotas is too long and complicated. But most coffee experts outside Federacafe fold no longer expect any form of agreement.

"Colombia's case is dramatic. The crisis has been very slow in reaching the producer.

Banana exports last year brought in more than $300m

He looks at the domestic market and the real price has barely dropped. We have to make the grower aware, and at the very least stop production from increasing," said Mr Cardenas.

The national coffee fund finances the purchase of the crop [illegible] a guaranteed rate, equivalent to about $85 cents a pound. When the domestic price is higher than the world price, transfers are made to private exporters – who handle about half of Colombia's exports – so that they can pay growers the official rate and stay in the business. All of this benefits the producer, who also received generous support for fertilising, spraying and improving his coffee trees until recently.

"We'll have to be realistic," said Gabriel Rosas, manager of the private exporters' association. "The coffee fund hasn't the resources to go on subsidising production. Coffee is still very attractive, compared with other crops, and this level of production is unsustainable."

Production – forecast at 15.6m bags for the 1991-92 coffee year – has risen mainly [illegible] of large-scale renovation and higher yields, rather [illegible] any extension [illegible] the million hectares sown with coffee.

The decision to give the grower savings certificates [illegible] 10 per cent of the value of [illegible] crop, instead of paying in full, is "like an aspirin for [illegible] illness", warns Mr Rosas. But there is [illegible] important [illegible] to the price/production problem, because the high [illegible] of income and excellent infrastructure of the [illegible] coffee regions is seen [illegible] of keeping violence at bay. Guerrilla [illegible] little influence in coffee country, and relatively few [illegible] or poppy plantations have been found.

The weakening of the coffee fund has forced Federacafe to cut back its diversification programme, despite the success [illegible] fruit-growing and [illegible] ventures.

"[illegible] is greater [illegible] about investing in new projects, [illegible] of [illegible] liberalisation, and [illegible] inter[illegible] up a lot," [illegible] Alvaro Rodriguez, [illegible] Federacafe's diversification unit. "We're doing more research [illegible] fruits, to increase yields and competitiveness. We plan to improve the [illegible] and post-har[illegible] handling, rather than pro[illegible] greater quantity."

Fruit-growing has bloomed rapidly in the last fe[illegible], with Andean blackberries, soursop, passion fruit and mango juice finding markets in Europe [illegible]. But Colombia's most important fruit export is bananas: last year sales brought [illegible] over [illegible], and this [illegible] looks even [illegible] promising.

Commercial banana plantations cover about 30,000 hect[illegible] with the main concentration in the north-western frontier region [illegible] Urabá. Banana-growing [illegible] one of [illegible] few [illegible] employment in Urabá, which [illegible] beset by guerrilla and drug violence, [illegible] well as trade union conflicts, during the 1980s.

Other tropical commercial [illegible] with good prospects include sugar-cane, cotton, rice, [illegible] and [illegible] palm. The extraordinary [illegible] of altitude, climate, soil [illegible] humidity [illegible] it possible [illegible] grow a tremendous variety [illegible] in Colombia, and [illegible] can be [illegible] all the [illegible] round. Dairy cattle and flowers [illegible] most profitable businesses in the cooler, higher altitude regions. Although some grains are produced by peasant farmers, most of Colombia's [illegible] and barley are imported.

Colombia's urban/rural balance has reversed [illegible] the last 50 [illegible] less than a third of the population now living in rural areas. While poverty has diminished in most of the Andean regions, where integrated rural development pro[illegible] for small farmers have proved most effective, the

Less than a third of the population now lives in rural [illegible]

Atlantic Pacific lowlands are worse off. Altogether 6.5m Colombians living in the [illegible] tryside [illegible] officially [illegible] as poor – that is, at least some [illegible] their basic needs, such [illegible] income and housing, [illegible] tisfied.

In the north, part of [illegible] cause lies in the landholding system: huge unproductive ranches, with urban [illegible] who rarely visit for fear [illegible] being kidnapped, [illegible] most of the land. "We've lost a lot of time talking about agrarian reform," said Mr [illegible] who [illegible] a former minister of agriculture. "[illegible] need more action [illegible] better management."

According to the Colombia Farmers' Association, rural violence, combined [illegible] tariff reductions and uncertainty about support prices, have affected this year's agricultural performance. The association predicts [illegible] per cent growth for 1991, compared with 4.3 per [illegible] increase in 1990.

Agricultural exports, excluding coffee, [illegible] worth about $800m in [illegible] did well in [illegible] half [illegible] 1991, but revaluation and other [illegible] dampen the overall figure [illegible] the [illegible]. With [illegible] saturated world coffee market, lower volume and lower prices will push [illegible] down [illegible] than 20 per [illegible] of Colombia's total exports.

Sarita Kendall

Oil earnings should continue to increase

New find points to self-sufficiency

OIL HAS replaced coffee as [illegible] top export, [illegible] if [illegible] discovery" [illegible] Cusiana comes up to expectations, oil earnings will continue to climb during the 1990s.

Although both British Petroleum and the Colombian [illegible] oil company, Ecopetrol, have been cautious about quantifying the Cusiana find, it is clear that the light-oil and gas reserves will have a major [illegible] impact and are already changing national energy plans.

Colombia [illegible] about 1.9bn barrels of crude reserve, and oil production averaged 440,000 barrels [illegible] in [illegible]. On the basis of these reserves, production is expected to increase slightly over the next two years, and fall rapidly after [illegible]. However, Ecopetrol has already said that the Cusiana [illegible] self-sufficiency [illegible] crude exports – currently running at about 180,000b/d – up to the end of the century.

Cusiana has refocused attention on the eastern plains or Llanos, especially the fringe along the foothills of the Andes mountains. BP is exploring blocks immediately north of the Cusiana field, while other [illegible] companies have taken [illegible] most [illegible] the remaining acreage in the area, in association with Ecopetrol.

The geology is complex, and oil-bearing formations at Cusiana are nearly 15,000 feet down. Each well takes at least nine months to drill, at [illegible] cost of about $20m, provided there are no technical hitches. BP, operating for its partners, Triton, Total and Ecopetrol, is expected to put five or six rigs to work next year in order to define the extent of the field.

A group of families, claiming rights to part of Cusiana's production, has presented Ecopetrol and the government with an embarrassing legal tangle. However, this problem is not expected to delay production, which could start towards the end of 1993 or early 1994. At first, spare capacity in [illegible] central Llanos and Cano Limon pipelines would be used. But if [illegible] confirm production levels anywhere near [illegible] 500,000b/d

The geology of the Cusiana field [illegible] complex. [illegible] well takes at [illegible] nine months [illegible] drill

speculated in oil circles, another [illegible] will be [illegible].

[illegible] into the Llanos, Tuskar is already producing a small amount of heavy crude from the Rubiales field. Geologists believe there could be a large band of oil curving eastwards across the plains towards the Orinoco. The Rubiales field is shallow, and the wells therefore quicker and cheaper to drill than those in the Andean foothills.

Production could eventually rise to more than 70,000b/d, though further exploration is to be carried out before development plans are agreed. Ecopetrol is to contribute 30 per cent of these exploration costs, while Dyas [illegible] also [illegible] partner in [illegible] Rubiales structure.

"It's very difficult to define the extent of Rubiales," [illegible] George Woodcock, Tuskar's manager in Bogota. "It's an unusual structure, and we don't know exactly how the oil is trapped... The proximity of Cusiana may be our salvation – the oil is so light and could be blended with Rubiales."

[illegible] companies [illegible] $1bn in exploratory drilling during the [illegible] the second half [illegible]. According [illegible] Ecopetrol, association [illegible] still much more popular than risk agreements, and the state [illegible] that the recent liberalisation [illegible] foreign [illegible] rules, which [illegible] part of the government's programme [illegible] open up the economy, [illegible] been welcomed by the transnationals.

"[illegible] has [illegible] a lot of [illegible], but it's not the only [illegible]. We've just signed a contract today and that's 90 in effect at the moment," said Mauricio Vega, Ecopetrol's financial vice-president. "Ecopetrol is doing seismic studies in new regions, such as the Pacific [illegible] build up more information and attract foreign companies."

However, foreign companies also have to take other risks into consideration: there have been more than 50 attacks on the Cano Limon pipeline so far this year, and kidnaps are a constant threat. Ecopetrol estimates that the guerrillas have cost the oil sector over $700m in recent years.

Hopes that the Caracas peace [illegible] between the government and rebel groups would lead to a cease-fire and disarmament [illegible] virtually evaporated. Even [illegible] an agreement with the guerrilla co-ordinating group can be reached, experts [illegible] the radical core of [illegible] ELN [illegible] split off and continue to dynamite oil infrastructures. All the oil companies devote resources to winning hearts and minds – building health centres, [illegible] schools, buying local produce and employing local labour – but this has proved [illegible] more effective tactic in FARC-controlled territory than in ELN areas.

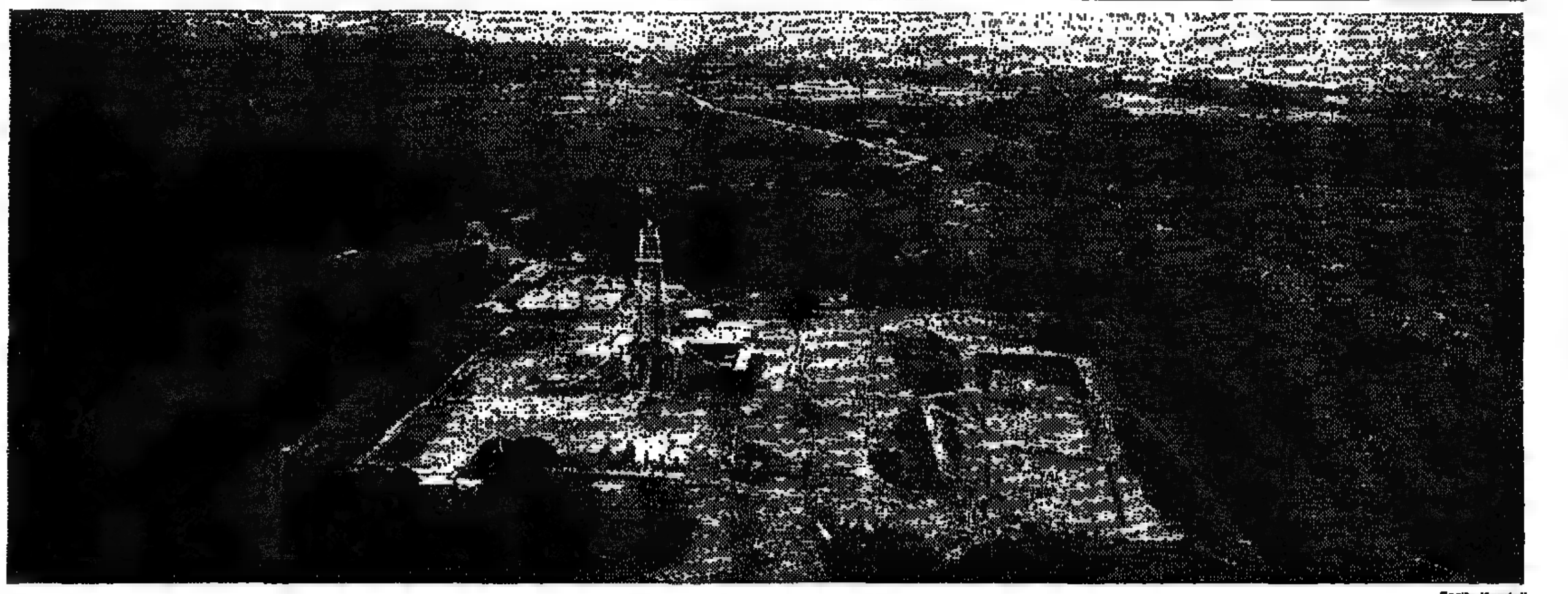
[illegible] activity has [illegible] the completion [illegible] Colombia pipeline, a [illegible] connection between the Middle Magdalena and [illegible] the Caribbean terminal. This will now be finished in 1992, and will allow production from the Upper Magdalena to be exported, and provide a link through to the central Llanos. Colombia will then have three pipelines crossing the Andes – [illegible] serving Covenas, and [illegible] in [illegible] from the Putumayo to [illegible].

Over [illegible] years, Ecopetrol plans to spend [illegible] expanding refining capacity and investing in petro-chemical projects. [illegible] result of [illegible] Cusiana discovery, the state company is re-thinking [illegible] recent [illegible] on where to [illegible] a new 100,000b/d refinery, as well as [illegible] mix [illegible] of products needed. [illegible] refining capacity [illegible] 250,000b/d, [illegible] although fuel oil [illegible] exported, 29,000b/d of petrol [illegible] imported [illegible] consumption.

Another $1bn [illegible] to [illegible] invested in natural gas, which is [illegible] be much more widely used in residential [illegible]. Here again, [illegible] will probably [illegible] important [illegible], as its [illegible] are considerable. [illegible] in [illegible] short term, [illegible] pipeline may be [illegible] bring [illegible] from Venezuela. [illegible] private [illegible] take on the transport and distribution [illegible] gas, Ecopetrol will [illegible] raise [illegible] price, [illegible] policy decision which [illegible] expected soon.

Despite petrol imports, Colombia's oil balance registered a healthy [illegible] of more than [illegible]. The Cusiana find has come just [illegible] the country's export prospects were beginning [illegible] fade, and [illegible] a moment when exploration activity needed [illegible] boost. The foreign companies should [illegible] contributing significantly [illegible] capital inflow as they explore [illegible] develop deposits over [illegible].

Sarita Kendall



Sarita Kendall

BP's rig in the Llanos region, near the Cusiana discovery. The company is expected to put five or six rigs to work next year in order to define the extent of the field

Mining: the aim is to double steam-coal exports

'A lift from Europe's closures'

LONG AGO, gold and emeralds aroused the greed of the Spanish *conquistadores* and, as the fabulous work in Bogota's gold museum shows, gold played an important part in pre-Colombian cultures.

But although gold and legal export of emeralds still contribute 7 per cent of foreign earnings, a less mystical product – coal – is now the mainstay of the mining sector.

Within 10 years of entering the world market, Colombia has taken 8 per cent of the steam-coal trade and become the fourth largest exporting country.

Antonio Pretelt, president of the state coal company Carbocol, says the aim is to double exports to more than 30m tonnes by the end of the century and supply 12 per cent of the international market. He foresees an improvement in demand and prices after 1993, particularly as European mine closures affect production.

Although Carbocol will not be investing in any new projects, studies are under way to expand the northern Cerrejon mine, which will reach initial production capacity in 1993. The plan is to raise output from 15m tonnes to about 22m tonnes – this will entail a further $300-400m from the mine partners, Carbocol and Exxon. The state company is restructuring about a third of its $1.6bn debt, and hopes to become a profitable enterprise in four years time.

El Cerrejon is still synonymous with coal in Colombia, but this is beginning to change as the development of other large mines gets under way. Drummond is due to start work at La Loma, in the department of Cesar, during the first half of 1991, with a view to producing within three years.

The US company has signed a contract with the Colombian national railways for the transport of up to 10m tonnes of steam coal a year from La Loma to the future port at Cienaga – this will be a severe test of the railway company's ability to provide an efficient regular service and to ensure that the line is rehabilitated by 1994.

Other steam-coal projects include Prodeco's 3m tonne mine at Calenturitas, the central zone of El Cerrejon and El Descanso, which could produce 12m tonnes a year. Mr Pretelt says the Japanese are interested in the Chocó deposits close to the north-west coast, though these still have to be explored. Japan and Hong Kong already buy nearly 1m

The Banco de la Republica has 23 gold-buying branches around the country, and Colombia's gold production is assumed [illegible] be the same as the amount purchased by the bank

tonnes of coal a year from Colombia – a west-coast mine and port would be much better placed to supply oriental markets.

In 1990, coal exports reached 14.5m tonnes, bringing in $545m. Europe is Colombia's most important market, especially Denmark, Holland, France, Spain, the UK, Ireland and Italy. Domestic consumption is very low at present, but there are plans to build more coal-fired power stations: the electricity sector's $5bn debt is making it difficult to finance expensive new hydro-electric schemes, and the government hopes the private sector can be encouraged to invest in thermal power.

One big electricity consumer lying close to coalfields is the Cerromatoso nickel plant. Cerromatoso's deposits are both plentiful and rich in ore. Despite a series of ups and downs in the mid-1980s when technical, financial and price problems all coincided, the joint venture [illegible] recovered. Annual production [illegible] pounds of [illegible], and last year's earnings were $146m.

Whereas Colombia's nickel ore manufacture is a highly industrialised process concentrated in a single plant, thousands of families answer the call of gold, migrating wherever rumours report good pickings. Antioquia produces about 60 per cent of the country's output, but many departments have enough to support small armies of wandering panners.

Efforts [illegible] bigger, more technically sophisticated gold projects (for instance, in Guainia near the Brazilian border) have not been very successful. In Antioquia and the Chocó a few companies use big dredges and modern equipment, but they provide little employment and have [illegible] targets for guerrilla groups.

The Banco de la Republica has 23 gold-buying branches around the country, and Colombia's gold production [illegible] assumed [illegible] the [illegible] the amount purchased by the bank. Although some may come in from elsewhere, [illegible] would have [illegible] be turned into "artesanal" gold, as the bank only buys production whose origin can be traced [illegible] a [illegible] mining area. This year's output is estimated at 31 tonnes.

In a timid attempt to penalise prospectors for using mercury, the bank buys amalgam at a 5 per cent discount. While the panner in the Chocó region washes silt very carefully, to separate off pure gold, miners in Antioquia usually blend [illegible] gold-bearing alluvium, then [illegible] mix to evaporate off [illegible] mercury. [illegible] processes also involve washing mercury straight into [illegible] and [illegible].

The new minister [illegible] mines, Juan Camilo Restrepo, [illegible] promised [illegible] give special attention [illegible] improving techniques among small miners, and grouping them [illegible] such as [illegible] in [illegible] southern gold [illegible] Nariño. Here, yields [illegible] already improved by [illegible] as [illegible] third.

The bank's rate is calculated with reference to international prices, and the gold is refined into bars by three Medellin companies, then sold in Europe. Only about $350m of Colombia's reserves are kept in the form of gold. The bank is setting up a laboratory in Medellin, so that gold purity can be certified, and eventually a freer local [illegible] be opened up.

Emerald production had, until recently, been [illegible] with violence and inter[illegible] massacres, but a peace pact agreed in [illegible] has brought an unusually long spell of tranquility. Companies and prospectors alike have benefited, so much so that production has apparently soared and traders are worried about keeping prices up.

The Japanese buy most of Colombia's emeralds, particularly the best quality stones. But no one can put [illegible] reliable figure on either production or exports – much of the trade is illegal. Last year's official [illegible] was $130m, twice the sum reported for 1980. People close to the emerald business believe the real export figure may be three to four times as much, swelling the flood of unidentified incoming currency.

Sarita Kendall

Indian priorities in Congress are land, justice and education for . . .

The 75-tongued minority

ARRAYED IN striped poncho and red and yellow feather head-dress, Gabriel Muyuy epitomises the blend between Andean and Forest Indian cultures.

He belongs to the Inga, one of the few groups in Colombia which formed part of the *Inca* empire at the time of the Span[redacted] conquest, and he [redacted] the National Indian Organisation's first representative in the Senate.

Senator Muyuy owes his seat *not only to his votes but also to* the persistence and energetic public relations work of the two Indians elected to the Constitutional Assembly. They used the political stage to broadcast their cause and to gain support for *Indian rights in this year's new* Constitution. Among these is the right to have two representatives in the Senate – but the Indian vote in October's Congressional elections was strong enough to earn a third seat.

"*First*, we need *meetings* and courses to explain our new rights to local Indian leaders, and to discuss what's happening in Colombia. Once our communities understand the reality, they can make sugges*tions – our* task is to take up their projects and fight for them *in* Congress," said Gabriel Muyuy. "I don't know exactly how much a senator's salary is, but mine *will not* go into my own pocket – it will *help make a fund to support* Indians and lawyers who work with us in Bogota."

For the first time, the Constitution recognises that Colombia is multi-ethnic – the country has more than half a *million Indians, speaking 75* different languages. The most vociferous, least isolated and best organised have been those living in the Andes Mountains of the south-west, where they farm potatoes, maize and beans [redacted] The long tra[redacted] resistance [redacted] the *Spanish sword and cross in* this region fostered the development of [redacted] guerrilla group which [redacted] joined the [redacted] ment's peace programme.

At the opposite end of the country, spread across the baking *Guajira Desert* peninsula, are the semi-nomadic Wayuu communities. *Like other* Indian [redacted] they [redacted] decimated by imported [redacted] after contact with Europeans, and now several have died of cholera.

Sarita Kendall

Gabriel Muyuy: 'we believe in the defence of the for[redacted]'

Their economy [redacted] on [redacted] and contraband, but [redacted] recently [redacted] stake in the Salinas *salt* pans, originally worked by the Indians.

The Wayuu will benefit from [redacted] constitutional change which allows Indians in frontier areas to have dual nationality, thus *reducing friction* with the Venezuelan authorities, caused by *frequent migration*.

Up above the Wayuu, on the slopes of the Sierra Nevada, are the Kogi and Arhuaco Indians, whose myth makes them responsible for looking after the Sierra, considered to *be the centre of the world*. Incoming settlers and guerilla groups have pushed them off traditional lands, and cut down trees to grow coca and marijuana, leaving the Indians in the crossfire between rebels and *military*. A year ago, *three* Arhuaco leaders were murdered after being taken off a bus and detained.

The Indians' priorities in Congress will be land, justice and education. Land allocated to Indians as reservations is held in common, and the constitution gives *Indian authorities* considerable autonomy in governing their territories. But there are conflicts over reservation boundaries, over non-Indians living inside the reservations, and, in some areas, the land is far short of community needs.

During Mr Virgilio [redacted] presidency, several large reser[redacted] were [redacted] in [redacted] *region. The* [redacted] indigenous [redacted] ment [redacted] areas guaranteed [redacted] of [redacted] ecological [redacted] But [redacted] Indian organisation, ONIC, [redacted] ernment [redacted] problem [redacted] evicting [redacted] colonists and [redacted] to support Indian development pro[redacted]

"[redacted] find [redacted] people [redacted] getting grants *in* [redacted] name of [redacted] don't [redacted] money," [redacted] Gabriel Muyuy. "We [redacted] in [redacted] of [redacted] forests, too, but we hear of a debt [redacted] or [redacted] foreigners are buying [redacted] – [redacted] buy human beings? People [redacted] living [redacted]"

The view [redacted] Indians as self-supporting communities without normal consumer [redacted] still [redacted] by [redacted] outsiders. "They don't [redacted] buy clothes, shoes, medicines, [redacted] for [redacted] radio," [redacted] *in* [redacted] "There [redacted] jobs here. [redacted] planted pineapple [redacted] chontaduro palms – [redacted] who knows [redacted] can [redacted] products out [redacted] sell?"

His [redacted] go to [redacted] boarding school up-river run by Capuchin priests. He approves of their learning Spanish, explaining: "We're all bilingual here. The young kids speak our language, it's not like other places where they've lost the culture. The *problem is the young peo*ple, who go off to secondary school in Bogota. They come back and talk, talk, talk, but there's nothing for them to do. I was *at the ceremony when all* this land was handed over to us, and we said [redacted] training – in carpentry and breeding pigs, things that would be really useful to us."

Bilingual education is another [redacted] specified [redacted] the new constitution. ONIC has fought for [redacted] on the grounds [redacted] language is the main key to maintaining cultural identity. The Ticuna Indians along the River Amazon are *rapidly* losing both language and cultural traditions. "The old way, with the grandparents teaching the children how to do things and telling them stories, doesn't work any more," said a Ticuna leader. "The children don't under[redacted] our language, and the grandparents don't speak Spanish."

The 500th anniversary of Colum[redacted] discovery of America is being put to good use by the Indian organisation. Seminars, talks, courses and exhibitions are spurring awareness among Colombians. When the Japanese-financed replica of the Santa Maria arrived in Cartagena, the Indians shouting "Down with the invaders" were given as much coverage as the expedition.

ONIC's representative to the constitutional assembly argued that celebrating 1992 was an offence to Indians, and that the anniversary should [redacted] funding development on [redacted] of [redacted] ties.

[redacted] centuries of neglect and disillusionment, [redacted] are sceptical [redacted] liamentary politics. [redacted] Muyuy [redacted] any [redacted] gestion [redacted] political power could [redacted] corrupting. [redacted] three [redacted] would be working *together*, not only for Indian rights, but for peasants, workers and street people. "It will be hard, disciplined work – we have a lot of ground to catch up."

Sarita Kendall

Better roads will hinder the guerrillas

[redacted] STEPHEN FIDLER considers the problems of topography and infrastructure

Geography has [redacted] extraordinary *diversity of* Colombia's regions, but [redacted] development [redacted] economy.

It is impossible to travel by road *from Bogota to some parts of* the country, because of the three lofty Andean [redacted] ranges that split the country. Routes to the coasts from the capital and the [redacted] of [redacted] and Cali are slow and [redacted] The *government* plans to tackle some of these shortcomings. As in other Latin American economies, the long-term path [redacted] growth through [redacted] opening of the economy to the outside world is obstructed by the [redacted] by [redacted] physical [redacted]

The [redacted] has [redacted] *government* [redacted] fallen amid [redacted] in [redacted] one government [redacted] "The roads [redacted] terrible, [redacted] transportation are *enormous.*"

[redacted] system [redacted] helps [redacted] guerrilla activity. "The guerrillas [redacted] roads," [redacted]

[redacted] in [redacted] region, [redacted] governm[redacted] looking [redacted] a mix of public [redacted] private capital to improve [redacted] roads, rail network [redacted] ports. [redacted] companies [redacted] coming [redacted] ports, [redacted] operate [redacted]

Investment by the government over [redacted] next [redacted] in [redacted] at [redacted] that in the [redacted] $1.2bn, according [redacted] in general, [redacted] government expects [redacted] half [redacted] through [redacted] and [redacted] from [redacted] *from sources* such as the World [redacted] and Inter-American Development Bank. The domestic [redacted] according to senior [redacted] *officials, be provided out of an 8* [redacted] maximum import [redacted] that [redacted] introduced in August.

The operation [redacted] routes is expected *to be profitable, according* [redacted] government.

[redacted] roads, [redacted] priority [redacted] the route from Bogota to the Atlantic coast along the Magdalena valley. The government aims to build another bridge across the *Magdalena river and nearer the* coast.

A *road*, via the [redacted] valley, linking Medellin and Riohacha on the Atlantic [redacted] also a priority; a road is planned from Bogota to Arauca province, *through the guerrilla country* which will soon become one of the main oil-producing areas. Also planned, as one of the 12 road-building or -upgrading schemes, is a carriageway between Villavicencio, in Meta *province, through Bogota* and Cali to Buenaventura on the Pacific coast, and a western corridor route through Cali and the Cauca valley.

Drugs: as suspected Colombian heroin reaches New York . . .

Poppies are the new enemy

COLOMBIA IS being invaded by a *beautiful but sinister* plant: the poppy.

For those who saw the Colombian trade in marijuana give way to the more lucrative and dangerous commerce in cocaine, this infiltration is deeply worrying.

Already heroin suspected to be of Colombian origin has turned up in the streets of New York. With a street price in the US of [redacted] $200,000 a kilogram, [redacted] 10 times more costly [redacted] cocaine. For the traffickers, that *means less risk for signifi*cantly more profit.

The economics of the drugs business has been changing. The street price of cocaine has been weakening in the US. As a result, the drug-runners have turned to other markets where profits are bigger: Europe and Japan. The prospects of a border-free western Europe and new markets in the east of the [redacted] (suspected Colombian [redacted] already been found in Poland) have increased the importance of *Europe as an outlet for Colom*bian cocaine.

For this reason, some traffickers have turned their attention to the poppy and its dangerous [redacted]

[redacted] first unconfirmed reports of poppy fields in Colombia reached the US Drugs *Enforcement Administration of* the US about 1984. But [redacted] was *not until this year* that [redacted] sharp [redacted] production was first proved, with the discovery of 921 hectares of poppy fields in Huila province.

[redacted] report issued last month, by [redacted] Colombian security [redacted] *DAS, suggested* [redacted] of poppies [redacted] being [redacted] 1,000ha [redacted] capable [redacted] producing [redacted] opium [redacted] 700kg [redacted] heroin, [redacted] report said. [redacted] is [redacted] question, however, [redacted] experts [redacted] anywhere between 3,000 [redacted] poppies.

The report also indicated [redacted] main [redacted] in [redacted] influence [redacted] rilla groups which have been [redacted] in [redacted] and [redacted] ELN. [redacted] "owns, administers and controls" [redacted] plantations in [redacted] the production [redacted] heroin have [redacted] found, although [redacted] *morphine* [redacted] discovered in increasing [redacted]

There is also evidence of co-operation with [redacted] traditional producers of heroin in [redacted] golden triangle in south-east Asia. *Colombian* poppy-growers cut the poppy heads vertically, as do growers in Asia, rather than across the head as in Mexico. The final product also resembles Asian heroin rather than the brown heroin of Mexico.

The poppy is vulnerable to spraying, *in fact to the kind of* herbicide used to destroy marijuana plants over a decade ago. If the government does not attempt to eradicate the poppies before they get out of hand, it will be taken (certainly in the US) as another sign that the *Colombian government* is not serious about tackling drug traffickers.

Such a suspicion was raised early in the Gaviria administration. While President Cesar Gaviria has put a stop, for now at least, to the so-called narcoterrorism that shook the mid*dle classes in the last period of* the Barco administration, many wonder what price was paid for that.

Leading members of the prominent [redacted] "cartel" have given themselves up with *a promise from the govern*ment that they would not be extradited to the US. The most prominent, Pablo Escobar, surrendered to the authorities in June and is now in a jail above [redacted]

Meanwhile, the trafficking of the cartel continues unabated, and *although* the *high-profile* bombings in Bogota have stopped, no fewer people are being murdered in the country.

Other groups, such as the almost equally notorious Cali cartel, continue to go about their business and may be in a position to threaten the government if they are not allowed to. Testimony in the trial of the former Panamanian leader, Manuel Noriega, has linked a former president and prominent member of the ruling Liberal party, Alfonso *Lopez Michelsen, to the Medel*lin group.

Pablo Escobar himself was said to have described Lopez Michelsen as his "political patron". The former president has denied the charges, made in court by the convicted Colombian drugs trafficker Carlos *Lehder. But the fact that many* people in Colombia were not surprised by the testimony indicates a pervasive belief that the influence of the drug traders extends deeply into Colombia's political classes.

The combination of new measures to open up the econ*omy and a perceived friendlier* environment for drug-runners appears to have encouraged the return of drugs money into the country. It is feared, not least by legitimate businessmen, that this heralds a further infiltration of the Colombian economy by the drug-runners.

Stephen Fidler

هكذا من الأصل

MANAGEMENT: Marketing and Advertising

No free lunches on the chairman's schedule

Lucy Kellaway meets Bob Horton in the lair he designed

MY OFFICE

"SO sorry to have kept you waiting," Bob Horton stretches out both arms in an exaggerated gesture of welcome. "Do come in." The boss of Britain's biggest company is being disarming, deliberately so. "People say they are frightened of me, so I try to make them feel at ease."

His smart new office, which he designed himself, is a conscious effort to reassure his guest. "The office of the chairman of BP is quite awe inspiring enough – alas – without high ceilings," he confides. So he has put a low ceiling into the front room of the fine classical building in the City of London designed by Sir Edwin Lutyens for BP in the 1920s. He has cut off one corner, lined the walls with green silk – his favourite colour – and put pot plants and flowers where one would expect filing cabinets and paperweights. Pale beech panelling and low lamps give the impression of a luxurious, somewhat impersonal, sitting room.

You would never guess this was the office of "Hatchet Horton", responsible for thousands of job losses at Standard Oil in the 1980s, and probably the most ruthless man to have got to the top of BP. The room is a symbol of Horton's new look management: post-modern, streamlined, un-bureaucratic.

The long narrow [redacted], some 40 feet long and 20 wide, was designed around a priceless Persian carpet which has been in the chairman's office for decades, Horton explains. One end is a "work area", the rest of the room is what he calls the "relax area".

In the work area, there is no paper, and no sign of work of any sort. There is no imposing desk; instead, Horton sits at an elegant Lutyens octagonal table, on which BP corporate policy has been drawn up since 1922. "In-trays and out-trays should have gone out with the ark," he says. Horton points to a small pile of documents sitting neatly on a shelf, next to two blue bottles [redacted] designer mineral water, and frowns. The papers are the only part of the design that displease him. "These are the things I haven't quite read – good, well-meaning reports by worthy people, I really should throw them out."

The intimidating banks of screens and telephones that used to be a part of his office a few years ago are gone. Instead a single state-of-the-art computer displays by rotation foreign exchange rates, bond prices, BP news and general headlines. Horton uses the screen to send electronic messages to his colleagues, although he stresses they can always pop in and see him.

Propped up next to the screen is an empty wooden book holder, bought from one of the many charities that he supports. "Debbie, where's my diary?", he calls out to his secretary. Next door, in a much more functional room, Debbie sits with her helper and back up, and stretching out behind them are Horton's personal assistant, his speech writer, his events organiser and his chief of staff. "It's very much like a senior cabinet minister's staff," he [redacted] avoiding [redacted] comparison with the prime minister – a position he used to covet.

Horton retrieves [redacted] diary and opens it, revealing a mass of entries. "I am fully booked [redacted] of next year for lunches and dinners," he says. "My first free evening is on June 25."

It is in the so-called relax area that Horton receives the visitors who are squeezed into his diary from 8.15 in the morning. He says he tries [redacted] keep an hour every day to himself, but never quite manages it. He rarely gets home before 11 at night, which is why he needs his [redacted] hole" in the country at weekends.

"I do not like a formal se[redacted] when I am talking," he says. "A [redacted] is a barrier." Instead his [redacted] sit on deep green sofas around a glass coffee table, looking at two large pictures by the British 20th century painter, [redacted] Burra, and at an outsize ship in a glass box that was [redacted] present from his days running BP's tanker division.

Behind them are the bookcases holding H[redacted] personal library. "I am not seriously bookish, but I do read [redacted] lot of books," he says. His diaries feature strongly in the collection – 20 fat Economist desk diaries stretching back to 1972. Otherwise, he has copies of biographies of oil industry giants, [redacted] Armand Hammer, corporate histo[redacted] Financial Times, [redacted] anthology of [redacted] first-year [redacted].

Scattered around [redacted] things [redacted] provoke memories", trophies and photographs [redacted] his family – one [redacted] daughter standing [redacted] ball gowns [redacted] pair [redacted] milk churns. "I don't draw [redacted] line [redacted] home and office," [redacted].

A cupboard discreetly hides [redacted] fridge containing white wine; [redacted] a TV [redacted] which [redacted] "the [redacted] people [redacted] always sending me". [redacted] Lutyens would [redacted] made [redacted] new casual, asymmetrical look, Horton [redacted] room [redacted] right signals [redacted] and his [redacted] "This [redacted] quality design" showing characteristic immodesty, "and BP [redacted] quality brand."

[redacted] the first of a fortnightly series which will look at managers in their offices.

Tony Andrews

Bob Horton: "People [redacted] they are frightened [redacted] me, so I try to [redacted]"

Brake on law of averages

By Christopher Lorenz

Large multinationals need to [redacted] leaner, [redacted] on their feet, and more flexible if they are to remain competitive. So they must stop organising themselves "by averages": applying [redacted] same structures, rules and procedures across all their businesses worldwide.

Instead they should redesign themselves systematically, tailor-making the structure, responsibilities and location of [redacted] division and business unit to its own particular needs and strengths.

This is the main conclusion [redacted] article [redacted] "reshaping [redacted] global organisation", published in the latest McKinsey Quarterly.

It [redacted] in the wake of [redacted] by [redacted] management consultancy which suggests that nine out of 10 chief execu[redacted] of leading companies think international organisa[redacted] today's most important unresolved challenge for [redacted] management.

The article outlines [redacted] process of analysis and reconstruction by which companies [redacted] reconfigure [redacted] of [redacted] units into [redacted] with the optimum [redacted] local, regional or global responsibilities, depending which [redacted] most appropriate.

[redacted] part [redacted] reconfiguration, functions currently [redacted] ried [redacted] by [redacted] corpo[redacted] headquarters should [redacted] decentralised wherever possible, and shared out among leading [redacted] around the world, [redacted] the article's author, [redacted] Theuerkauf, [redacted] consultant with consid[redacted] European experience.

[redacted] analysis [redacted] prescription parallels [redacted] Christopher Bartlett and Sumantra Ghoshal, the [redacted] most [redacted] with the fashionable concept of dispersed global "transnationals".

But the techniques he proposes for root-and-branch corporate redesign contrast with the academics' more gradualist approach, and with their less heavy emphasis on structural change. They focus more on altered procedures and attitudes.

When performance is the bottom line

Andrew Jack explains how a firm of chartered accountants is restructuring pay levels

Robson Rhodes caused something of a stir within the chartered accountancy profession recently [redacted] the firm announced that it was introducing performance-related pay from the top down.

One quarter of the practice's profits will be distributed to partners next summer according to their performance, and by this time next year the base pay of managers should be determined in large part by the quality of their work. By 1993, the principle is to be extended to everyone else in the firm: seniors, students and even support staff.

"Performance-related pay [redacted] not introduced in isolation", says Mel Smaje, human [redacted] director. He talks about [redacted] change in values, management structures and systems, training, client satisfaction and accountability that is taking place throughout the firm. "I think it is very important to provide a reward system that supports these changes," he says.

In the past, he says, Robson Rhodes had a haphazard scheme by which a partner would judge employees against targets f[redacted] chargeable hours. They were not [redacted] against criteria [redacted] the start of the year, and the outcome [redacted] more on how a person had done in relation to the firm's objectives rather than their own future personal development. "It was very vulnerable [redacted] blue-eyed boy syndrome," says Smaje. [redacted] employees could be favoured each year but no one had a clear idea of how they could improve their performance.

The rate of inflation had also played a part in determining pay rises. But, says Smaje, "the cost of living has no relevance for us. Market forces drive us, and should determine our ability to attract and retain staff".

In future, managers and other employees will receive increases determined with the use of a matrix, which balances their current salary against the market rate for the job and [redacted] performance rating.

[redacted] partners, performance [redacted] their [redacted] than [redacted] earnings. However, [redacted] 10 per cent of [redacted] previously [redacted] the [redacted] partner's discretion, the new [redacted] will see [redacted] per [redacted] handed [redacted] on performance.

Partners' and employees' performance [redacted] assessed using identical principles. The firm is drawing up a general set of "competencies" for each grade, split between "technical" factors – like knowledge and application of legislation, risk [redacted] commercial judgment – and "behavioural" factors, such as communication, expression and presentation, and marketing.

Job descriptions are also being drawn up for each individual, laying [redacted] specific "accountabilities" or tasks.

Then [redacted] objectives [redacted] standards will [redacted] drawn up in consultation with the assessor. It is against these criteria, and the more general competencies, that the person will be rated.

The ratings are on a 5-point scale. Grades 3 to 5 are satisfactory; 2 is unsatisfactory and requires [redacted] plan to upgrade per[redacted] within three months; while 1 means it is too early to [redacted]. Each [redacted] then given a single [redacted] rating reflecting [redacted] marks.

"[redacted] all new, [redacted] danger that we baffle people [redacted] science," [redacted] Smaje. "[redacted] a science. It's still [redacted] judgment."

He [redacted] already introduced [redacted] "recognition payments" [redacted] taste [redacted] things to come.

Each year about 1 per cent of staff should [redacted] a [redacted] award, [redacted] worth £1,500 in cash, for [redacted] "significant achievement" such [redacted] winning [redacted] client. Another [redacted] will receive silver medals, [redacted] £500, for handling [redacted] problem well. Ten per cent will win the £150 bronze medals by, for example, arranging [redacted] good [redacted].

Smaje says it is too early to have [redacted] much [redacted] yet.

Many [redacted] are not yet [redacted] how [redacted] system will work, but [redacted] "Generally I think people [redacted] systems in which reward matches contribution. There [redacted] strong body [redacted] support [redacted] concept.

"You can't launch [redacted] this in [redacted] year," [redacted] "It requires education, time and training. We won't get it right first time. I see this as a three-year [redacted] and I give it [redacted] it [redacted] become habit."

LEGAL NOTICES

No.0013020 [redacted] 1991
IN THE HIGH COURT [redacted] JUSTICE

CHANCERY DIVISION
IN THE MATTER [redacted] HEYWOOD WILLIAMS GROUP PLC
and
IN THE MATTER OF THE COMPANIES ACT 1985

Notice is hereby given that a Petition was on the 18th day of November1991 presented to Her Majesty's High Court of Justice for the [redacted] of the [redacted] of the Share Premium Account of the above-named company.

And notice is Further given that the said Petition is directed to be heard before the Honourable Mr. Justice [redacted] at [redacted] Royal Courts of Justice, Strand, London WC2 on Monday the 16th day of December 1991.

Any creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 6th day of December 1991.

ASHURST MORRIS CRISP
Broadwalk House
5 Appold Street
London EC2A 2HA

Reference: EAM/8842L
Solicitors for the said Company

No. 0011472 of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
THE HONOURABLE MR. JUSTICE HOFFMANN
MONDAY the 11th NOVEMBER 1991.
IN THE MATTER OF
[redacted]EWOOD PROPERTIES LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 11th [redacted] confirming the reduction of the Share Premium Account of [redacted] above-named Company [redacted] was registered by the [redacted] of Companies [redacted] 20th [redacted].

Dated this 6th day of December, [redacted]
[redacted]
10 Norwich Street
[redacted]
EC4A 1BD.
(Ref: AZL/S21002/00055380)
Solicitors for the above-named Company.

SAVE [redacted] PROSPER
FINANCIAL SECURITIES FUND

Coupon 141 falls due for payment on 15th January 1992 at a rate of 1.02p per Financial Securities Fund unit.

Coupons should be presented to:-
Global Custody Services
The Royal Bank of Scotland plc
Corporate Trust Department
Regent's House
P O Box 348
42 Islington High Street
LONDON N1 8XL
from whom listing forms can be obtained.

Coupons must be lodged by an authorised depositary and left three days for examination.

THE [redacted]UDIO PRESS (BIRMINGHAM) LTD

Registered number: 824208
Trading name(s):- Sat & March SP Design
Nature of business: Colour Printers
Trade Classification: 10
Date of appointment of joint administrative receivers: 27 November 1991
Name of person appointing joint administrative receivers: Royal Bank of Scotland PLC
Ian Napier Carruthers and John Frederick Powell
(Office holder nos 814 and 249)
Cork Gully
43 Temple Row
Birmingham B2 5JT

RH COMPOSITE MOULDINGS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at: 43 Temple Row Birmingham B2 5JT on 17 December 1991 at 11:00 am for the purposes mentioned in sections 99 to 101 of the said Act.

A list of the names and addresses of the company's creditors may be inspected free of charge at: 43 Temple Row, Birmingham B2 5JT between 10:00 am and 5:00 pm on 13 December 1991 and 16 December 1991.

DATED - 27 November 1991
By order of the Board
Director/Secretary

TECHNOLOGY

Switched off by too many buttons and knobs

As electronic gadgets become more sophisticated, **Emiko Terazono and Della Bradshaw** examine the need for products that are simple to use

Many people must wish, as they dash through customs at the airport, that they had reserved their hire car before they set off. Instead they are faced with an interminable queue as car types, insurance cover and driving licences are scrutinised.

It was just such a scenario that persuaded Hertz, the vehicle rental company, that they needed to develop a computer-based system which customers could use to make reservations easier.

The results have prompted the UK's Department of Trade and Industry to publicise the Hertz application [illegible] part of its "Usability Now!" project, intended to encourage UK companies to develop [illegible]-to-use high-tech applications.

"The interface between the person using it and the machine has become a barrier rather than a communications channel," says Peter Rothwell, of the DTI. While you can sell technical ideas to the techies, he says, only business advantage would convince management.

Hertz decided to use computer terminals, installed in airport departure lounges, to enable customers to book cars before they boarded their flights. Instead of a keyboard, Hertz wanted to use touch-screen technology, where the customer presses a spot on the screen to carry out a task.

So Hertz commissioned AIT, of Henley-on-Thames, to build a reservation system with a brightly coloured screen containing pictures of a calendar, car types and credit cards, which appear in sequence. By touching one type of car, for example, that model can be reserved.

Beyond the simple graphics, there is a host of complex technology, says David Woodhead, technical manager at AIT. Once the information on the booking is obtained, it is sent over a phone line to Hertz's worldwide car reservation system in Oklahoma City, in the US. Once confirmed – less than six seconds later – a confirmation print-out is made.

Among the case studies which have attracted the DTI's approval are:

- The Bank of Scotland, which developed a document processing system.
- Forte Travelodge, for [illegible] room reservation system which all its staff could use.
- North West Thames Regional Health Authority, which developed an executive information system.

DB

Contrary to the popu[illegible] image of the Japanese being machine whizzes, many people have [illegible] operating electrical appliances. Japanese consumers have found them[illegible] bewildered by complicated machines [illegible] computers in the work place and at home.

"My life was fine until the word processor came into it," says a grimacing Japanese office worker in an advertisement for a new word processor made by Sanyo, the Japanese electronics company.

Japanese electronics makers are starting to acknowledge technophobic consumers as a new market. Sanyo's new word processor has a built-in instruction manual, which can be called up on to the screen, to give the confused user instructions step by step. "People are not using functions they do not understand," says Kumiko Makino, spokeswoman for Sanyo, adding that simpler functions on machines and user-friendly products are in demand.

In the past, the tendency for Japanese consumers to jump on products using new technology has prompted manufactur[illegible] up with multi-function electronic products [illegible] elaborate designs. "In the US and Europe, consumers have tended to stick to the basics," says Makino.

"Office appliances with lot of buttons and functions put off users," says Manzo Yoshihama, head of product designs at Ricoh, the office appliance maker. Ricoh has come up with a multifunction copier which the user can pick a function by simply touching a display panel.

Matsushita, [illegible] electronics [illegible] knobs [illegible] appliances scare consumers. "They think they might destroy it by pulling a knob off," says Hideo Mori of Matsushita's home appliance division.

One of Matsushita's user-friendly machines is a videorecorder with the minimum amount of buttons and has a built-in voice tape [illegible]hich will give instructions.

Mori adds that some consumers fail to use even the simple appliances properly, because they do not think of its basic structure. "Some people do not completely understand what the hot steam of a steam iron is for," says Mori.

Matsushita recently started marketing a steam iron with an ironing board. It claims that it is not trying to make more money by adding the ironing board, but want consumers to [illegible]s iron properly. Mori says that hot steam, after going through the material, must be absorbed by a proper ironing board. "Only 20 per cent who use the steam iron know that."

Last [illegible] electronics companies came out with "fuzzy" technology – electronic appliances which make the fine adjustmen[illegible] which previous machines could not do – as an answer for people who do not want [illegible] think about housework. "Even for the ordinary housewife, housework has become a tedious chore and no one wants to think about it," says Mori.

In addition, most Japanese have always had high expectations of machines, as opposed to westerners, who think that machines cannot do everything, and can accept machines breaking down or making mistakes.

"Fuzzy" electronic appliances such as washing machines, vacuum cleaners and rice cookers, which "even the husband can use", have since flooded the market.

High-technology means higher value added and fatter profits. This year, electronic companies have come out with "fuzzy and neuro" electronics, adding neural technology, designed to simulate human learning patterns, thus increasing the amount of information crammed into the appliances. For example, with a push of one button, Matsushita's "fuzzy" washing machine senses the amount of laundry, level of dirt and type of detergent, and chooses from 600 different washing cycles. The new "fuzzy and neuro" type chooses from 3,800 cycles.

However, while Japanese electronics makers are cashing in on machine-shy consumers, some companies are finding dealing with such customers costly. Banks, which have started to operate cash dispensers on weekends, complain that they need a security company to watch over its bank branches for machine problems rather than crime.

"Some people do some unbelievable things," says one commercial bank official. He says that there are frequent cases where customers put bent cash cards into the cash dispenser, try to put in coins where only paper money is accepted or simply cannot understand how to work the machine.

ET

For the middle-aged television viewer the video recorder has become an infuriating symbol of all that is wrong with consumer gadgets: the machine has so many knobs, switches and displays that the cognitive dexterity of a mathematician seems to be needed to coax it into recording the correct programme.

The task of designing a consumer product – or a scientific instrument, item of mechanical machinery or office product – to make it easy to operate has become increasingly difficult as the function of the gadgets increases.

So, using Apple Macintosh computers and off-the-shelf software, Cambridge Consultants, the Cambridge-based research company, has developed a way of helping companies simplify the interface between gadget and user.

It has devised a way of manipulating a picture of the object to be tested on screen. By using the touch-screen or moving the computer mouse, buttons on the "gadget" can be pressed or dials turned. When this happens a real machine which is connected to the Apple – a car radio, say – will carry out the instructions, such as lowering the volume.

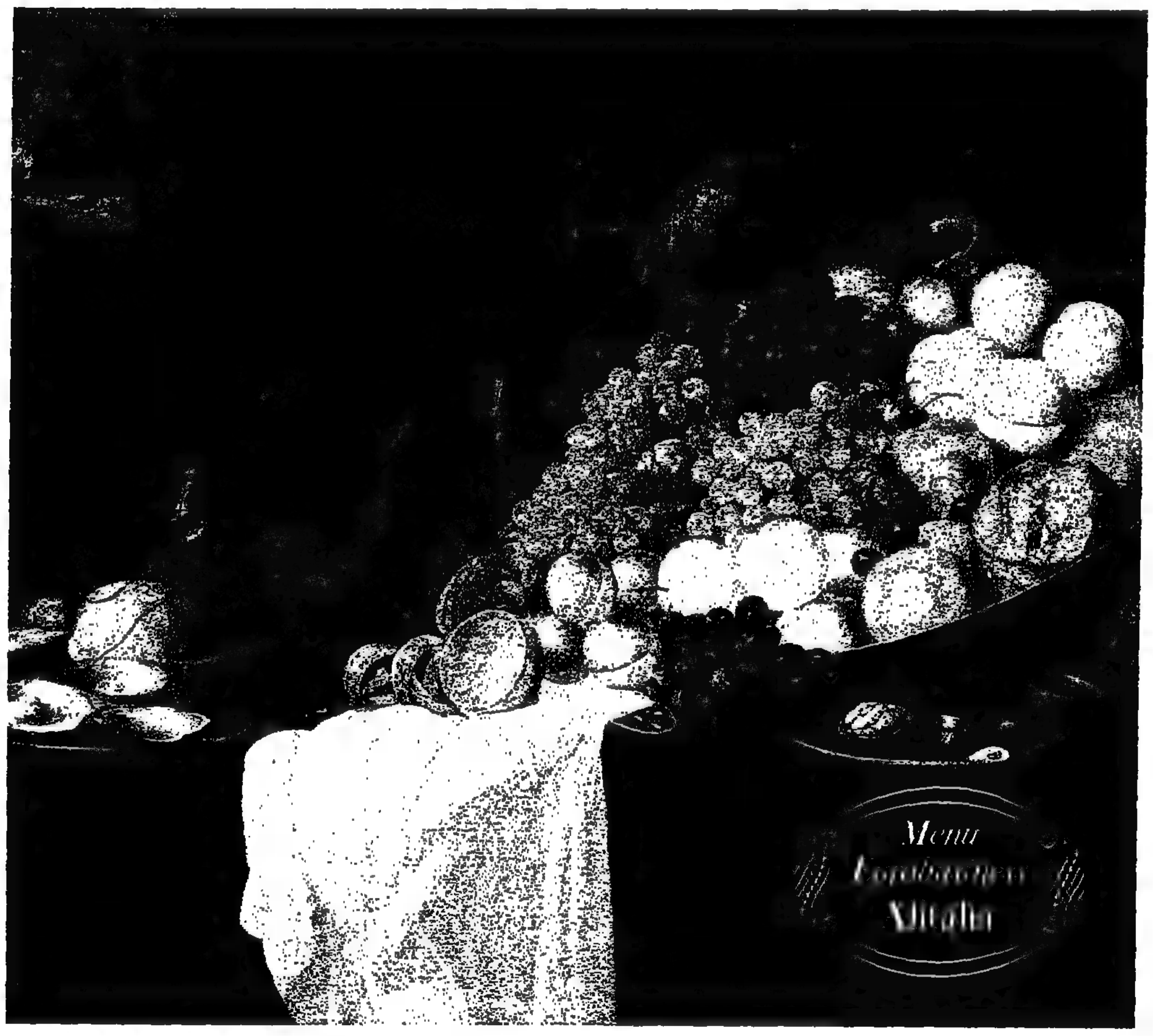
By trying out a number of ways of performing the tasks, the researchers can find the most convenient at the design stage. "You can make all your mistakes early on before making your products," says Stephen Eason, product designer at Cambridge Consultants.

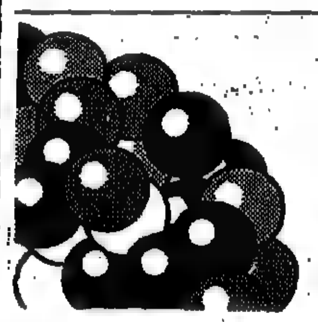
Eason points out that it is the ease of use at a cognitive level – the processes that have to be followed – rather than how difficult the buttons are to press, which is the function of the de[illegible] service.

Nor, he says, is it the simplest means of operation that users will find the most attrac[illegible]. "Ease of use does not necessarily mean that it has to be simple enough for a three-year-old," he says. "You have to get the right combination of simplicity and convenience."

Although most interest has been shown in the technique by large companies, Eason believes small companies, without their own ergonomic design teams, will also benefit.

DB





WORTH WATCHING

Della Bradshaw

NTT becomes a real operator

JAPAN'S domestic phone company Nippon Telegraph and Telephone (NTT) has moved into the operating systems business in an attempt to reduce its maintenance and software development costs.

A prototype version of Iros (interface for real-time operating systems) has now been released, and NTT is looking for input from equipment suppliers before releasing Version 1, which should be available by the end of 1992.

Iros is intended to be used for communications systems, in particular "real-time" and transaction processing applications. Particularly close to NTT's heart is its plans to introduce broadband ISDN (integrated services digital network), which will use switching and computer systems, and transmission equipment, from a variety of suppliers. Today many of these systems have mutually incompatible architectures.

In January this year NTT, one of the world's biggest purchasers of electronic equipment, announced that all its suppliers would, in future, have to adopt its standards to ensure compatibility.

Wearing a heart on your sleeve

A WRISTWATCH style monitoring device is now available in the US to help those suffering from intermittent heart palpitations, chest pains or dizziness to record their symptoms.

The WristRecorder, which has just received FDA approval, produces an electro-cardiogram of the patient from the onset of an attack. The electronic device can record single or multiple attacks for up to four and a half minutes.

To use the monitor the patient touches electrodes on each side of the WristRecorder until the symptoms pass. A third electrode on the back of the "watch" completes the electrical circuit. Once recorded, the ECG can be transmitted over the phone line to a doctor's surgery, or stored until the next visit.

Manufacturers of the WristRecorder, Ralin Medical, of Des Plaines, Illinois, believe the device could replace the bulky equipment used today for heart monitoring.

Computer now takes pictures

A PHOTOGRAPH album which can be stored on a personal computer should help businesses as varied as model agencies and car showrooms to sell their wares.

Using an ordinary PC and a camcorder or still video camera (such as the Canon Ion camera) Digithurst, of Royston, Hertfordshire, has developed a system which allows businesses to transfer digital images from the camera to the screen. The cost of the PictureBook software and the MicroEye computer card needed to complete the task is just under £600.

When the picture is stored in the PC it can be annotated, and the information later used for retrieving pictures from the database. In the case of a model agency, for example, photos of male models with dark hair over six feet tall could be pulled out of the system using this kind of index.

Plastic moulding is on the level

A VEGETABLE oil-based plastic, developed in Canada, could soon provide the answer to the tricky construction problems found in houses and boats.

The material, developed by Accuflex, of North Vancouver, is made from a mix of common vegetable oil and gypsum. It is non-toxic – inventor Peter Roosen even claims to have eaten some of it to demonstrate this – waterproof and flexible.

At the moment the material is being sold in Canada as architectural mouldings, in particular for cornices or trimmings which need to follow bends – a curved staircase for example. Unlike most plastic mouldings, it can be painted very easily.

Because the material sticks to cement, wood or even panes of glass, Accuflex believes it could be used successfully to level out the decks of boats – where the liquid material could be poured across the surface.

Contacts: NTT: Japan, 03 3509 3101. Ralin Medical: US, 708 297 2010. Digithurst: UK, 0763 242955. Accuflex: Canada, 604 986 3330.

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FT LAW REPORTS

Bus merger escapes investigation

REGINA v MONOPOLIES & MERGERS COMMISSION, EX PARTE SOUTH YORKSHIRE TRANSPORT LTD AND SOUTH YORKSHIRE TRANSPORT AUTHORITY
Court [illegible] Appeal
(Lord Donaldson, Master of the Rolls, Lord Justice Nourse and Lord Justice Butler-Sloss):
November 28 1991

A MERGER of bus companies in an area which comprises 1.65 per cent of the area of the UK and contains 3.2 per cent of the UK population is not a "substantial part of the United Kingdom", and therefore cannot be the subject of a reference to the Monopolies and Mergers Commission, in that "substantial" in its statutory context has quantitative as well as qualitative connotations used in a comparative sense, and though the area may be important, special or significant, it is not substantial by comparison with the UK as a whole.

The Court of Appeal so held, Lord Justice Nourse dissenting, when dismissing an appeal by the Monopolies and Mergers Commission from Mr Justice Otton's declaration that its decision on a merger reference in respect of acquisitions of transport companies by South Yorkshire Transport Ltd, authorised by the South Yorkshire Passenger Transport Authority, was unlawful.

LORD DONALDSON MR said that South Yorkshire Ltd was a public transport company which provided local services in South Yorkshire, West Yorkshire, Derbyshire, Nottinghamshire and Humberside.

The South Yorkshire Passenger Transport Authority owned the company's entire share capital and had a statutory policy-making function in relation to local services in the South Yorkshire area.

It had powers and duties under which it authorised acquisitions of transport undertakings by the company. The acquisitions led to a reference to the Monopolies and Mergers Commission.

By section 64(3) of the Fair Trading Act 1973 the secretary of state might make a reference to the MMC where it appeared that as a result of a merger the supply of services of the relevant description "in the United Kingdom or in a substantial part of the United Kingdom" were supplied to the extent of at least one quarter by or for the same person.

The reference having been made, section 69(1) required the MMC to investigate and report [illegible] (a) whether [illegible] "merger situation qualifying for investigation" had been created; and (b) if so, [illegible] its creation operated [illegible] the public interest.

The MMC answered both questions in the affirmative. The challenge [illegible] to whether, on the [illegible] found by the MMC, there could be a "merger situation qualifying for investigation".

Mr Justice Otton held that the MMC's decision was unlawful, [illegible] was the Secretary of State's decision to accept its conclusions [illegible] recommendations.

[illegible] 69(3) of the [illegible] empowered the Secretary of State to frame a merger reference so as to confine investigation "to the supply of services in a specified part of the United Kingdom".

In making the reference the Secretary of State exercised his powers under section 69(3) by specifying the relevant part of the UK as being "the county of West Yorkshire, the districts of Bolsover, Chesterfield, Derbyshire Dales, High Peak and North East Derbyshire in the county of Derby and the district of Bassetlaw in the county of Nottingham".

On the present appeal the issue was whether the reference area could properly be [illegible] as "a substantial part of the United Kingdom" within section 64(3).

The Commission's report [illegible] it had regard to its reasoning in previous reports on acquisitions, including a report on the acquisition of Midland Red West by Badgerline Holdings Ltd in which it found that the specified area "played a significant part in the overall life of the UK and could not be regarded as not substantial".

It endorsed the view taken in the previous reports that "a substantial part of the UK" had to be considered in statutory context, and meant "real or important" as distinct from "merely nominal". It accepted that "substantial" might have more than one meaning.

It considered that the phrase involved a quantitative and a qualitative assessment.

In considering what quantitative and qualitative elements should be taken into account, the Commission had regard to "the size of the reference area, its population; its social, political, economic, financial and geographic significance, and whether it had any characteristics that might render the area special or significant".

It set out what it described as the "quantitative elements relating to the reference area" in percentage terms of the area and population of the UK.

The size of the reference area was 1.65 per cent of the area of the UK. The population was 3.2 per cent of the UK population.

In considering the elements that gave the reference area its particular characteristics, the MMC noted that it included Sheffield, the third-largest metropolitan district in England on the basis of population, and the towns of Barnsley, Doncaster, Rotherham and Chesterfield. The area had mining and steel industries, and other manufacturing and service activities, significant academic and sports facilities, and parts of the Peak District for recreation.

The MMC concluded that in the context of the UK as a whole, the area was a "substantial part" of the UK for the purpose of section 64(3).

Mr Justice Otton rightly described "substantial" as like a chameleon, taking its colour from its environment. It was not helpful to refer to authorities.

What the court had to decide was what was its meaning in the context of the phrase "the United Kingdom or a substantial part of the United Kingdom".

That was not something which could be determined with precision. It depended on a value judgment and it was not for the court to declare the reference invalid merely because it would not itself have reached the same conclusion. It had to be satisfied that the view that the reference area was "a substantial part of" the UK was not a permissible option (see *Edwards v Bairstow [1956] AC 14*).

Both in the Badgerline and the present reference the MMC seemed to have approached the matter on the footing that the reference area "could not be regarded as not substantial", and was "real or important as distinct from something merely nominal", supplemented maybe by the consideration that there were factors which rendered the area "special or significant".

In adopting that approach it fell into error.

In context "substantial part" had quantitative and qualitative connotations, but in both respects and in other respects, they were used in a comparative sense, the comparator being the whole of the UK, [illegible] Britain [illegible] Northern Ireland.

"Important", "special" and "significant" though the reference area might be, especially for those who lived and worked there, there were many other such areas in the UK and the reference area could not qualify for the description of "a substantial part of the UK".

The appeal was dismissed.

LORD JUSTICE NOURSE dissenting, would have allowed the appeal. He said the broad purpose of the Fair Trading Act was to bring to an end merger situations which operated or might be expected to operate against the public interest.

If section 64(3) was put on one side, there was nothing in the Act to suggest that parlia[illegible] contemplated [illegible] merger [illegible] could [illegible] operate regionally or [illegible] locally.

[illegible] there was no reason for interpreting "a [illegible] part" in section 64(3) as meaning a big or a large part of the UK.

It meant a considerable part, ie a part of such dimensions as to make it worthy of consideration for the purpose of the Act.

It was open to the Commission to conclude that the reference area was, for the purpose of the 1973 Act, sufficiently "real or important" to constitute a substantial part of the UK.

LORD JUSTICE BUTLER-SLOSS agreeing with the Master of the Rolls, said that the reference area needed to be more than an area worthy of consideration, or real or important. It needed to be substantial in the context of its comparison with the UK as a whole.

For the Commission: Michael Beloff QC and William Charles (Treasury Solicitor).

For the respondents: Anthony Lester QC, David Pannick, and Mark Shaw (Simpson Curtis, Leeds).

Rachel Davies
Barrister

THE PROPERTY MARKET

Design by committee

By Vanessa Houlder

The most radical changes to the City of London, bar the Great Fire and the Blitz, have been overseen by one of the most decorous committees in Britain.

The Corporation of London, the smallest, richest and most idiosyncratic local authority in the country, runs its planning system with a quiet efficiency, untouched by the party politics which rage in other London boroughs.

Its planning committee was on display on Tuesday, when it met in a wood-panelled room in the Guildhall in front of a packed audience of leather-jacketed architects and sober-suited developers.

For three hours, the committee debated the most significant applications of the year.

Prominent among these was the highly-publicised proposal to rebuild Paternoster Square near St Paul's Cathedral. This proposal conflicted with the plan by Nuclear Electric to rebuild Sudbury House in the north-west corner of the Paternoster complex. The committee also received a [redacted] report [redacted] plans by Daiwa Securities, the Japanese brokerage house, [redacted] build [redacted] 340,000 [redacted] ft Euro-[redacted] head [redacted] on London Wall.

The Daiwa plans were potentially the most contentious of all: [redacted] designs for [redacted] imposing glazed, stepped building were [redacted]bed as "an unashamedly modern design, reminiscent [redacted] the Lloyds building".

That [redacted] could [redacted] pres-[redacted]. Although the planning committee is not meant to comment [redacted] architectural style, it is largely composed [redacted] people who privately [redacted] the Lloyds building.

To add to the tension, Daiwa's architect is Mr Richard Rogers, [redacted] designed the Lloyds building. Mr Rogers, who nonchalantly stood by [redacted] the committee peered at this model, is regarded with suspicion by [redacted] of [redacted] committee members. He [redacted] the [redacted] party, which might [redacted] Corporation if it comes [redacted] power.

But if anyone [redacted] committee felt provoked it [redacted] apparent. Apart from a protest that the [redacted] plan [redacted] "a brilliant [redacted] in the wrong place", the committee's response was that it was "[redacted] and honoured" by the proposals. The planning officer was told to continue discussions with the architects.

"A model meeting," said one member. The committee's [redacted] working, he opined, [redacted] largely [redacted] to [redacted] planning officer, [redacted] himself, who presents [redacted] with a [redacted] occasionally [redacted] were addressing [redacted] schoolchildren.

Thus, the [redacted] were reprimanded for handing [redacted] some drawings half an hour before the meeting. "If you get material in that late, I [redacted] interpret [redacted] properly." [redacted] plained Mr Rees. Similarly, the Paternoster developers were [redacted] for their recalci-[redacted] in negotiations. Their [redacted] contrasted with [redacted] "was a [redacted] of applicants agreeing to negotiate [redacted] us," [redacted].

Even without [redacted] praise, it [redacted] have [redacted] a [redacted]d day for [redacted] Electric, which [redacted] plans approved enthusiastically. Admittedly the [redacted] think it difficult [redacted] improve on [redacted] existing [redacted] block. "A hideous tower", [redacted] ber.

[redacted] for [redacted] was [redacted] shared by [redacted] Associ-[redacted], a partnership comprising Greycoat [redacted] UK, [redacted] Tower Realty of the US and Japan's Mitsubishi Estate. The partnership is trying to build an £800m office project on Paternoster [redacted]uare; the site is currently occupied by drab [redacted].

Paternoster [redacted] had bitterly fought [redacted] tric's application, largely [redacted] the grounds that the [redacted] plans would [redacted] own masterplan.

The approval [redacted] Sudbury [redacted] proposal was merely [redacted] Associate's many problems. The latter's own [redacted] were sent [redacted] with 22 objections for further negotiations.

Several of the committee's objections to the partnership's scheme concerned the size of some buildings which they felt look ridiculous, dark and overbearing. "Classical architectural principles were never perfected on buildings of this bulk," said Mr Rees. The height of the proposed buildings also marred the attempt to recreate the historic pattern of streets [redacted] lanes that existed before the Blitz. Mr Rees said they would "look like 20th century canyons, rather than [redacted] alleys".

[redacted] hard-line worried some committee members. If the committee were too choosy, might not the developers go away and leave the square with its decaying 1950s office slabs? Mr Rees was unmoved. "We must not be panicked into ad hoc solutions that are less than ideal."

The outcome of the renewed negotiations is unclear. Already, some market watchers say the collapse in property markets worldwide will force one or more of Paternoster Associates' partners to walk away. Greycoat says it will not commit further equity funds to the project.

The Corporation's reservations have prolonged one of the most entertaining planning battles of recent years. The previous modernist proposals by Ove Arup were scrapped [redacted]tervention of [redacted] Prince of Wales.

A final [redacted] may yet a[redacted] this planning saga. Mr Michael Heseltine, the environment secretary, has taken the unusual step of supervising the committee's decision, which means it could end with a public inquiry.

The Paternoster affair highlights the sensitivity of the City planners' decisions on architecture. But running parallel to these issues are other matters concerning the type and amount of new office space that is built.

At a time when an unprecedented number of buildings lie empty, the City's planning policy is under scrutiny. How far did its relaxation of its planning controls in the mid-1980s contribute to the slump?

The new demands of the financial services industry persuaded the Corporation to relax some controls in 1986. It allowed an increase of up to 11m sq ft of net office space in the City, according to DEGW architects; approvals for planning permission multiplied. In 1986-87, six times as much space received planning permission as in 1983-1984.

The impression that this was a "let it rip" policy is misleading. Mr Michael Cassidy, who was chairman of the planning committee after Big Bang in 1986, argues that there was an improvement in the quality of the office stock rather than an explosion in supply. "Most of the new permissions related to site where existing buildings had been demolished and were being replaced."

The greatest expansion was in the boroughs surrounding the City, outside the Corporation's control. The banks, freed from the dictum that "proximity to the Bank of England was of paramount importance" moved to Hackney, Victoria and Southwark.

Now that the genie is out of the bottle, the Corporation is fighting hard to retain its grip on the financial services industry. Ironically, it is helped in its task by the collapse in the market, which has brought cheaper rents and a choice of modern, empty offices.

The Corporation cannot be complacent though. Conserving the City's role as Europe's pre-eminent financial centre is at least as challenging as conserving its architecture.

New designs: Paternoster Square near St Paul's Cathedral, left, and Daiwa's imposing glazed, stepped headquarters

RENTAL GROWTH (%)

	Retail	Office	Industrial	All Properties
[redacted] to Oct [redacted]	-0.5	-6.9	0.9	-2.7
[redacted] to Oct 91	-0.4	-2.3	-0.3	-1.1
Month of [redacted] 91	-0.2	-0.8	-0.2	-0.4

Investment Property Databank

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ARTS

Henze at 35 and 55

QUEEN ELIZABETH HALL

Hans Werner Henze is having a good 65th birthday-year – not least in London, what with the BBC's Barbican festival last January, and now the London Sinfonietta's three-programme tribute. The composer looked very pleased with Wednesday's performances (the second of the concerts: the last is next Wednesday), as plainly the audience was. The Sinfonietta has long had a plausible claim to be the best contemporary-specialist band in the world, and with their Chorus in its present form (under Terry Edwards) they must surely count as the best band-*cum*-chorus of that ilk. So they sounded here, in Henze's Giordano Bruno cantata from 1961-2, *Novae de Infinito Laudes*.

Added to those incisive performers were four soloists of no less forceful conviction, and sterling pitch: Sally Harrison (Henze's *English Cat* at the Guildhall in January) and Hilary Summers' penetrating contralto, Neil Jenkins and Roman Trekel. The perspective of the music, which shifts between rapt individual narration and lithe, urgent choral work, was kept in just focus from end to end. Bruno – a Renaissance visionary, heretic and martyr for his Protestant modernism – has recently been in the news again, accused of serving as a spy for Walsingham during his London years; [redacted] was comforting to hear again Henze's settings of his fervently "scientific", pantheist revelations.

The many ingenuities of Henze's score include using [redacted] (small) lutes and (large) harps as a kind of continuo, and discreet amplification here made them tell subtly. But the conductor Elgar Howarth, replacing Markus Stenz at short notice, ensured that *everything* told: it was all crisp, assured, up-front, bright as a button. Exciting to hear and absorbing to follow, it left just a faint regret that the the most elevated moments in the score were rather too energetic to float free. In those places, the cool "air from other planets blowing" was briskly dispersed.

Something similar happened – but again, it was no more than a matter of nuance – with Henze's 1981 fantasy after Jean Genet, *Le Miracle de la Rose*. The solo clarinet was Michael Collins, faultlessly eloquent in that best-of-British way that disclaims any intrusion by the performer himself. The rest of the score, for 13 instruments, is laden with tingling and suggestive detail: well it might be, since it transcribes musically Genet's exacerbated images of how his favourite teenage murderer came to execution. As Howarth made us hear, it does that with the liveliest compositional resource (and probably a scenario more densely imagined than Henze's public sketch in the programme-notes).

All that one missed was a certain sense of theatre – of a play of suspended breaths, elusive feints, flashes of naked feeling. Howarth's reading was more straightforward than that. It wasn't that he ignored some particular subtext, but that there were few hints that this music might *have* a subtext. Talking about a theatre-piece, that would be a perfectly understandable quibble; and *Le Miracle de la Rose* is after all subtitled "Imaginary Theatre II".

David Murray

[redacted]

Vivian Tierney and Donald Maxwell

Die Fledermaus

COLISEUM

There are few things more distressing than the spectacle of admired artists and companies falling flat on their faces. For the festive season English National Opera have mounted a new *Fledermaus* that is hyper-active, hyper-inventive and a thunderous bore; some of [redacted] most [redacted] people in British opera are involved, which makes the failure that much more embarrassing. One could weep at the waste of effort, the immense sense of misguided ingenuity that went into making it such an elaborate flop.

In this theatre it is, in fact, not unprecedented. This *Fledermaus*, in common with the wretched 1985 ENO *Orpheus in the Underworld*, appears rooted in the belief that in operetta the make-or-break factor is decor – not close, fresh observation of the characters, the comedy and the social satire coupled with elegant, stylish musical execution. The [redacted] *Orpheus* [redacted] undone by Gerald Scarfe's shriekingly self-advertising designs; the case of this new *Fledermaus*, produced by Richard [redacted] and designed by Nigel Lowery, is dismayingly similar.

Earlier in the year Jones was responsible for *Mazeppa* at the Bregenz Festival and the Scottish Opera *Walküre*, two of the richest, most exhilarating and most original productions in modern opera. [redacted] *those eye-openers and this eye-*shutter there are shared family features: a surreal re-invention of theatrical time and space, a use of brightly-coloured flying cloths and props, subversively placed to reveal a new world of lyric-theatre fantasy.

The difference is that here the balance between production device and plot seems to have gone wildly out of true. In the Jones-Lowery *Fledermaus* the visual jokes come thick and fast, from the opening *prelude (with feet and hands protruding* through the front-curtain in time to the music) to the last note of the prison-scene. They're never [redacted] than fertile visual jokes, drawing [redacted] wide range of references (cinema architecture and iconography, the nightclub sub-culture, 1940s [redacted] '50s Gene Kelly musicals, the J. Arthur Rank brand of fake suburban glamour, 1870s Viennese kitsch), and chock-full of the Jones quirks, wonky perspectives, pantomime pratfalls, japes [redacted] bizarreries that have elsewhere given so much delight.

One laughs – how could one not? Soon, [redacted]ugh, one witnesses the style becoming an end in itself, suffocating the music, reducing the libretto to [redacted] marginal distraction. There seems an unstated theme to the production: the plot is a load of tosh, and the bestowal thereon of Jones's free-flying fantasy a huge favour.

But is *it*? The original offers [redacted] keen-edged, clear-eyed look at characters at the shady end of "good society". The ENO production team end up by dulling the edge of topical satire, and clouding the clarity of character observation – this happens no less completely, indeed, than in those all too familiarly plush, comfy-cosy old-fashioned *Fledermaus* shows of the past.

The emulsion of music and comedy curdles badly. At the opening earlier in the week, a gala in aid of the ENO and the Royal Academy, one sat numbed by awareness of all that was going missing in the experience. The opening performance was very *far from tidily achieved, with any* number of flubbed tricks and missed cues; once cast and conductor manage to put across a less fraught account of their roles, a more cogent case may be made for the production.

On this evidence Adam Fischer is a no less soggy Straussian than when he conducted the work for the Royal Opera, three years ago. Almost alone among the cast Vivian Tierney scores through wit – her oh-so-refeened Rosalinda from Metroland suggests a whole world of deliciously genteel English duplicity that might fruitfully have been developed elsewhere – and through warmth of timbre.

Donald Maxwell's Eisenstein is only a shadow of what might have been, ditto Anthony Mee's Alfred (easily and ringingly sung), Nicholas Folwell's Falke and Andrew Shore's Frank – these men are all natural [redacted] comics, and [redacted] have been ill-served. Lesley [redacted]'s Adele is, alas, all too "present", brassy to [redacted] degree, constantly on the edge of vocal mishap. The addition to the cast of [redacted] Fielding, along with [redacted] star Rose English and the actor [redacted] [redacted] humiliating waste. It sums up all that is awry in the enterprise.

Max Loppert

Mozart

BARBICAN HALL

He died early on December 5, 1791 – at one o'clock in the morning local time, to be precise. In all the world's concert halls his music was and will be sounding, last night and tonight, and probably tomorrow night and the night after as well. The last work, the Requiem, has proved a special favourite for giving audiences that You-Are-There frisson: three sell-out performances in London alone on Wednesday night (two at the usual concert-giving evening hour, at the Barbican and St John's, and one at [redacted] *night at St Paul's), and more, many more still to* come.

Is it possible to account for this centennial Mozart-mania? Is it a Good Thing, a natural phenomenon; or has it been artificially created, through persistent hype of the most vulgar kind, to sell concert and opera tickets, videos and CDs? How is it that a work like the Requiem, an item of the concert repertory that can be heard any week of any year in any case, should last night have had people queuing for returns in a line that stretched almost out of the Barbican doorway? Is this massive concentration on the creation of a single composer something to be alarmed, or disapproving, or happy about – or a mixture of all three?

These are some of the questions that have been plaguing even the most passionate of Mozartians this year; and, like everything else, they reached the point of maximum insistence last night. My guess, though, is that the answers will emerge only as the dust of the 1991 Mozart bonanza begins to settle. The most pleasing feature of the Mozart concert I chose last night – at the Barbican, by the English Chamber Orchestra under Jeffrey Tate – was that there seemed no attempt at providing "global" answers, or importing into the performances of the Clarinet Concerto and the Requiem (in the Sussmayr completion) a sense of egregious, Spe*cial-Event atmosphere.*

By current "authentic" standards Mr Tate's Mozart can seem old-fashioned: unhurried, placid in its approach to phrasing and accent, full rather than lean in texture, never driven by surprising dramatic currents. The ECO and the clarinettist Thea King (ever so slightly under form) gave under his baton a gentle, lovingly euphonious account of the concerto.

There was more urgency in the Requiem: the bright attack and vital articulation of the excellent Tallis Chamber Choir encouraged that, and so did the well-blended singing of a fine quartet o[redacted] led by [redacted] Rodgers.

It was not an unforgettable Requiem; but in the circumstances, the sanity and soundness of [redacted] music-making proved [redacted] constant tonic.

Max Loppert

[redacted] Edwards [redacted] be new ENO music director

Sian Edwards [redacted] be the [redacted] music [redacted] the English National [redacted] She takes over from Mark Elder in August [redacted] The appointment [redacted] Ms Edwards puts in place the main protagonists who will take [redacted] Coliseum through the 1990s. Recently Dennis Marks, currently Head of Music and Dance at BBC Television, was chosen to succeed Peter Jonas as general director of the ENO from July 1993.

Ms [redacted] 31, is [redacted] woman to hold such a prominent position in [redacted] British [redacted] company. [redacted] will consider her lacking in experience – but [redacted] conducted [redacted] well received performance of Tippett's *The Knot Garden* at Covent Garden in 1988 and will conduct *The Marriage of Figaro* there later this season.

However, [redacted] only [redacted] once [redacted] Coliseum, conducting [redacted] *Gambler* last year. Taken with Marks inexperience [redacted] running an opera house the ENO is obviously gambling on fresh [redacted] and enthusiasm. A.T.

Hanging through the ages

Susan Moore reviews 'Palaces of Art' at the Dulwich Picture Gallery

The last two decades have seen a boom in museum building in the US, Japan and the Continent. There has been [redacted] over the architecture of new [redacted] and gallery extensions, and debate about what should be acquired [redacted] how it should be presented. [redacted] have seen experi[redacted] in deframing, delabelling, and pictures removed from the wall and put [redacted] on the easel. Hanging pictures chronologically according to school has on occasion given way to cluttered period arrangements, [redacted] the thematic hangs [redacted] the [redacted] Art History.

Given such turmoil it seems surprising that Giles Waterfield's new exhibition at the Dulwich Picture Gallery, *Palaces of Art*, is the first to take a 200-year historical overview of art galleries in Britain. Given that [redacted] of [redacted] institutions involved (Dulwich, The [redacted] Gallery [redacted] Scotland, [redacted] Spencer House Ltd) has been responsible for restoring its own period building to something akin to its original appearance, it is perhaps also surprising that there [redacted] no polemic. [redacted] left to draw his or own conclusions about the relative merits of traditional deep colours versus Modernist neutrality, the double or triple hang versus the single line.

The survey takes on board private art galleries (but not those in country houses), public, university and commercial galleries and the galleries built by artists in their houses. It primarily treats architecture (predominantly neo-Classical), and touches on decoration, furnishing, framing, lighting, hanging and collecting. Particularly fascinating is the light it sheds on the changing role and character of the art gallery in society.

What is unlikely to come as a *revelation is the* unwillingness of successive British governments since the late 18th century to spend money on art. One of the most telling exhibits is a lithograph of the 1830s contrasting the "National Gallery of France" – the Grande Galerie [redacted] the Louvre – with the "National Gallery of England", John Julius Angerstein's modest house [redacted] No. [redacted] Pall Mall which contained the 38 paintings bought for the nation as late as 1842 as [redacted] nucleus of a national collection.

The last 30 years of the 19th century were the great [redacted] of museum attendance, when the Sheffield, Birmingham and Liverpool galleries drew hundreds of thousands each [redacted] to see contemporary British art. In 18th century depictions of the Great Room of Somerset [redacted] or Christie's – which was treated as an informal Old Master picture gallery – the mood is almost festive, and the beau monde more interested in itself than the art on the wall. By the late 19th century, we find the whole of society in the art gallery. The mood has become reverential, the purpose of the visit serious.

Was it the silver screen that [redacted] popular [redacted] First World War? Certainly museums today seem to be a predominantly middle-class preserve despite the attempts of some directors to turn their institutions into Rank entertainment.

From the first there seems to have been a distinction drawn [redacted] arrangement [redacted] public and private galleries. Only those that [redacted] life [redacted] private museums for instance, combined the fine and decorative arts in pseudo-domesticity.

Moreover, it seems that the [redacted] single-row, [redacted] hang, far from being [redacted] modern idea, can [redacted] Prince Regent's Carlton House. An historical hang of a single line arranged chronologically according to school was advocated – if not implemented – [redacted] by 19th century gallery directors. That formula has remained the museum norm ever since, although it is interesting to note in the National Gallery's new Sainsbury wing that [redacted] schools have been mixed up for the first time with Antonello meeting Dirk Bouts, and [redacted] separate room allocated for the Pieros, an approach typical of domestic 18th century hangs. Instead [redacted] opting for traditional red or Modernist white, the architects have evoked by their grey walls the Florentine churches [redacted] Brunelleschi, where [redacted] pictures [redacted] have hung.

[redacted] the diversity [redacted] the oils, watercolours, wall coverings, plans and guidebooks, the third gallery [redacted] show, devoted to post-war museums, seems almost an afterthought, pared down to uniform black and white photographs set against uncompromising white [redacted] the new [redacted] might [redacted] be [redacted] to its [redacted] there is no doubt [redacted] this has [redacted] period for [redacted] architecture in Britain in terms [redacted] quality and [redacted] The spectacularly [redacted] Burrell in Glasgow [redacted] the Sainsbury Centre in Norwich [redacted] only redeeming highlights.

This has once again been [redacted] period of compromise, of extensions rather than new galleries and [redacted] buildings. The new Courtauld Galleries in Somerset House is a tragic instance of how the new – and laudable – respect for historic buildings has suc[redacted] in diminishing [redacted] outstanding collections in Britain.

This [redacted] the bones of an absorbing [redacted] which Mr [redacted] will flesh out in book form in due course. (In the meantime, [redacted] informative catalogue accompanies the show, price £12.

Palaces of Art: Art Galleries in Britain 1790-1990 continues [redacted] Dulwich Picture Gallery, until March 1, [redacted] at the [redacted] Gallery [redacted] land, March 12-May [redacted]

As You Like It

LYRIC, HAMMERSMITH

Alastair Muir

Patrick Toomey and Adrian Lester

Cheek by Jowl's all-male performance of [redacted] *You Like It* is the best modern-dress performance of Shakespeare that I have seen. The secret of Declan Donnellan's direction is that he [redacted] time for the play to develop. The dress [redacted] sive: dinner jackets in town and more rustic, though still *up-market, garb in the country.* There are very few props to get in the way. As for the all-male cast, that is how it was done in the first [redacted]

As You Like [redacted] does [redacted] conform [redacted] more obvious Shakespeare categories. [redacted] a comedy, it [redacted] seldom hilariously funny. It is not [redacted] tragicomedy either, [redacted] it was written too early to [redacted] some [redacted] Although there are splashes [redacted] Shakespeare's other works dropped all [redacted] it, and it [redacted] *The Tempest* that was to [redacted] play stands apart. "Pastoral" [redacted] the [redacted] usually applied [redacted] it. That [redacted] a touch [redacted] melancholy, but [redacted] calm.

Those words will do very well for the Cheek by Jowl presentation, though I would add a sense of happiness. This is essentially a joyous production. *As You Like It* has far more prose than most Shakespeare plays; it has far more music than any of them. And it is in the songs that the production excels.

Take, for example, the singing of "A Lover and his Lass" where almost the whole team comes together, musical instruments, beautiful voices and all. The singing is a delight throughout the evening: not only "Under the Greenwood Tree", but "Blow, Blow thou Winter Wind" as well. Oddly enough, the "ingratitude" referred to in the latter song is not a prominent feature in the play. There may be bad things done in the court, but the Forest of Arden is basically a happy place.

None of the characters are deeply developed: that is part of the charm. Here not even the melancholy Jacques, played by Richard Henders, stands out above the rest. His lines on the seven [redacted] of man [redacted] just [redacted] part [redacted] the [redacted] a song in [redacted] But [redacted] so much competition. Several of the smaller [redacted] are outstanding.

Mike Afford plays Corin the shepherd to [redacted] The tiny part [redacted] Audrey the goatherd is played by Richard Cant like a dream: all rustic sexiness. If one didn't know he was a man, it would be [redacted] impossible to [redacted]

Rosalind, normally the star role, is played by Adrian Lester. [redacted] only [redacted] not singling him out is that everyone else is equally good. Here he has a terrific time as part of an ensemble. Of course, the all-male cast gives rise to touches of camp: that adds to the plea[redacted]

[redacted] all, [redacted] direction is impeccably timed. It [redacted] like the pastoral symphony [redacted] is. Only as it develops do you appreciate [redacted] much it contains. The production [redacted] immensely faithful to Shakespeare: not a word is thrown away. It runs at Hammersmith until January 4.

Malcolm Rutherford

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

The London theatre season continues to offer a rich selection [redacted] the National Theatre leading [redacted] this month. Its latest production (previews from tonight, opening next Thurs at the Lyttelton) is a revival of Edward Bond's The Sea, a modern classic dealing with the grieving for a lost sailor within the context of social comedy. Sam Mendes directs a cast led by Ken Stott and Judi Dench.

Lorca's [redacted] Wedding [redacted] the [redacted] of a young bride who [redacted] convention and runs off [redacted] her childhood sweetheart, arrives [redacted] the [redacted] next week [redacted] a highly successful UK tour. Yvonne Brewster's production, with an up-to-date translation by Gwenda Pandolfi, [redacted] the setting from pre-Fascist Spain [redacted] pre-revolutionary Cuba.

[redacted] on [redacted] horizon are two plays by American authors - Tony Kushner's Angels in America and [redacted] Williams' The Night of the Iguana (1961). Kushner's play will [redacted] its British premiere at [redacted] mid-January, in a production by Declan Donnellan. First performed in San Francisco in May this year, it focuses on two American couples in crisis, one gay and one Mormon.

At the Lyttelton later in January, Richard Eyre directs the Tennessee Williams play, which throws a motley group of characters together at a hotel on the edge of the Mexican jungle in 1940. Eileen Atkins plays the ethereal Hannah.

Two plays by Irish authors arrive in London in the New Year. Tom Murphy's The Gigli Concert, hailed as one of the great Irish plays of the century when it opened in Dublin in 1983, receives its British premiere at the Almeida in the first week of January. The play delicately balances wild comedy and spiralling desperation, exploring the relationship between an English quack psychologist living in Dublin and his Irish millionaire client who longs to sing like the great Italian tenor Gigli. Karel Reisz directs a cast led by Barry Foster and Tony Doyle.

The Royal Court's next play is Faith Healer by Brian Friel (opening on Jan 24). Like Dancing at Lughnasa, Friel's major success last season, Faith Healer will be an Abbey Theatre Dublin production, with a cast including Sinead Cusack, Ron Cook and Donal McCann, directed by Joe Dowling.

EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum Rembrandt: [redacted] major exhibition bringing together paintings from museums in Berlin, [redacted] and London, including Jeremiah Lamenting over [redacted] Jerusalem, A [redacted] Bathing and [redacted] self portraits. The exhibition capitalises on [redacted] developments in Rembrandt [redacted] and attribution. Ends March 1. [redacted] companion exhibition [redacted] drawings by Rembrandt and his pupils, plus 40 etchings, [redacted] on Jan 19. [redacted] Mon

Stedelijk Museum Wanderlieder: [redacted] Journey through [redacted] Europe. Eleven [redacted] give their pictorial response [redacted] sweeping political changes in Europe and [redacted] *new socio-cultural* perspectives which [redacted] opened up for [redacted] visual [redacted] Ends Feb 9. Daily

BASLE

Museum [redacted] Gegenwartskunst Francesco [redacted] Testacoda. [redacted] paintings in which [redacted] 39-year [redacted] Neapolitan artist focuses on the human [redacted] body. [redacted] Martin Disler: seven large-scale paintings. Ends [redacted] 2. Closed Tues

BERLIN

Nationalgalerie [redacted] Dix: a major retrospective marking the centenary [redacted] one of [redacted] towering figures [redacted] century German art, renowned for the [redacted] realism [redacted] his portraits, brothel scenes and visions of war. Ends [redacted] 4. [redacted] Mon and Tues

Pergamonmuseum Miniatures of [redacted] Berlin Baisonqur Manuscript: illuminated pages *dating from 1420, commissioned* by the family [redacted] Afghan Prince Baisonqur. Ends Jan 19. [redacted] Mon [redacted] Tues

FRANKFURT

Schirn Kunsthalle Guercino: [redacted] more [redacted] 80 paintings [redacted] 80 drawings, marking [redacted] anniversary [redacted] birth [redacted] *17th century Italian painters.* [redacted] Feb [redacted]

THE HAGUE

Mauritshuis Bredius, Rembrandt and the Mauritshuis: [redacted] exhibition honouring Abraham Bredius (1855-1946), [redacted] greatest curators [redacted] pioneering expert on Rembrandt. Bredius acquired 35 paintings [redacted] the museum, [redacted] donating a further 26 from [redacted] own collection.

The [redacted] *includes* [redacted] by [redacted] landscape artist Jan [redacted] Goyen (1596-1656), which [redacted] view [redacted] the public. Ends March 1. [redacted] Mon

LONDON

Tate Gallery Giorgio [redacted] (1890-1964): [redacted] etchings by one of [redacted] figures in modern Italian art. Ends Feb 9. [redacted] Gerhard Richter (b1932): first major survey in Britain [redacted] one of Germany's most eminent living painters. Ends Jan 12. [redacted] Anthony Caro (b1924): new and recent work by [redacted] British sculptor. Plus Turner's [redacted] of Europe. Ends Jan [redacted] Daily

Royal Academy Katsushika Hokusai (1760-1849): sketches, paintings and 150 printed [redacted] by the [redacted] Japanese [redacted] in [redacted] Ends Feb 9. Daily

Barbican *Japan and Britain: an* [redacted] dialogue 1850-1930, with [redacted] by Whistler, Mackintosh and others who contributed [redacted] exchange of influences. Ends Jan 12. Daily

Hayward [redacted] Toulouse-Lautrec. Ends Jan 19. Daily

[redacted] Gallery The [redacted] Pictures. Ends Jan 19. Daily

MUNICH

Kunsthalle [redacted] Hypo-Kulturstiftung The Dream-world [redacted] Puppets. Ends [redacted] 1. Daily

Lenbachhaus Wilhelm Morgner (1891-1917): retrospective [redacted] paintings, drawings and prints by [redacted] the youngest [redacted] expressionist movement [redacted] the First World War. Ends Jan 12. [redacted]

Villa [redacted] (b1944): Visions and Parodies. Oil paintings *characterised by* [redacted] humorous [redacted] view [redacted] the Munich scene. [redacted] Jan 6. [redacted]

Bayerische Akademie der Schönen [redacted] Robert Wilson: Monuments. [redacted] models [redacted] by the American multi-media director. Ends Jan 19. [redacted]

NEW YORK

Whitney [redacted] **of** [redacted] **Art** Alexander [redacted] (1898-1976): more than [redacted] by the [redacted] popular American sculptor. Ends Feb [redacted] Also [redacted] Smith (b1949): [redacted] mid-career survey [redacted] Californian [redacted] who has re-invigorated American collage in [redacted] past [redacted] years. Ends March 1. [redacted] Mon

Metropolitan Museum of Art [redacted] (1894-1964): the first retrospective of [redacted] American modernist for more than 25 years. Ends [redacted] 16. [redacted] a major Seurat [redacted] his neo-impressionist followers. Ends Jan 12. Closed Mon

PARIS

[redacted] d'Art Moderne de [redacted] Ville [redacted] Paris [redacted] (1901-66): [redacted] by [redacted] sculptor and painter. Ends [redacted] 15. [redacted] (11 [redacted] President Wilson)

Centre Pompidou [redacted] *Ernst* retrospective, with 250 collages, paintings and drawings showing [redacted] great [redacted] painter revelling in [redacted] Ends Jan 27. [redacted] Tues

[redacted] Arts [redacted] Elegance and Fashion in [redacted] century France: sumptuous [redacted] dazzling craftsmanship [redacted] 80 exhibits [redacted] French Regency [redacted] Revolution. [redacted] 31. [redacted] *Mon and* [redacted] *(107* rue [redacted] Rivoli)

Grand [redacted] From [redacted] David: 70 [redacted] from [redacted] of 18th century painting, in which mythological themes [redacted] pretext for glorifying feminine nudity. [redacted] 6. [redacted] Tues, [redacted] closing [redacted]

[redacted] Géricault: retrospective marking [redacted] 200th anniversary [redacted] artist's birth. Ends Jan 6. [redacted] Tues, late closing Wed

[redacted] Three exhibitions [redacted] German art from [redacted] Gothic [redacted] showing the homogeneity of sculptures, engravings and drawings [redacted] the period, all greatly influenced by Dürer. [redacted] Jan 20. [redacted] (Hall Napoleon and Pavilion de Flore)

Musée de l'Orangerie [redacted] Tuileries [redacted] more than [redacted] *by one* [redacted] *the original* Fauves, focusing [redacted] early years. Ends Jan [redacted] Tues

Musée d'Orsay Munch and France: the interaction between Munch and French [redacted] resulting from [redacted] and [redacted] Ends Jan 5. [redacted] Mon, [redacted] closing Thurs

VIENNA

Albertina *Hilma Af* [redacted] (1862-1944): retrospective [redacted] the [redacted] artist, [redacted] more than [redacted] paintings giving insight into religious and philosophical [redacted] turn [redacted] century. Ends Feb 2. Daily

[redacted] Museum The Ancient World [redacted] Greek Vases: [redacted] painted [redacted] from around [redacted] BC, illustrating daily life, [redacted] religious observance in ancient Greece. *Ends Jan* [redacted]

WASHINGTON

[redacted] Portrait [redacted] Time [redacted] War: [redacted] from [redacted] 2. [redacted] exhibition commemorating the 50th anniversary [redacted] Japanese [redacted] on Pearl Harbour. [redacted] Collecting [redacted] Prints: Washington Print Club Biennial. Prints from the 15th [redacted] covering a [redacted] variety of subjects, from Louis XII to Richard Nixon. Ends May 17. Daily

National Gallery of Art Walker Evans: [redacted] documentation [redacted] American life during the Depression, including New York subway photographs. Ends [redacted] 1. [redacted] Albert [redacted] the most comprehensive collection of [redacted] ever assembled of the epic [redacted] landscape painter of the 19th century. Ends [redacted] 17. Also Circa [redacted] Art in the Age [redacted] *Exploration. Ends Jan 12. Daily*

Renwick Gallery Albert Paley: Sculptural Adornment. Ends March 22. [redacted] Improvisation in African-American Quiltmaking. Ends Jan [redacted] Daily

FINANCIAL TIMES

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Friday December [redacted] 1991

Battle over currencies

[redacted] EXPECTED, the Bundesbank [redacted] the Euro[redacted] a breathing [redacted] and even [redacted] targets [redacted] the next year's growth in money supply. [redacted] Sweden's central bank was obliged [redacted] increase [redacted] short-term lending rate by six percentage points, [redacted] 17.5 per cent. [redacted] unique. But the challenge of preserving exchange [redacted]bility in Europe is [redacted]

The Bundesbank's concerns [redacted] German economy are well known. But so is its political acumen. [redacted] when [redacted] German government has to insist on a [redacted] tough condi[redacted] *for economic* [redacted] *mone*tary union is not the time to make German monetary policy still more unpopular. But it is looking increasingly a question of when the Bundesbank will [redacted] more unpopular, [redacted] whether.

The [redacted] forbearance means little [redacted] Following the effective 12.3 per cent devaluation of the Finnish *markka* [redacted] *month*, [redacted] *Swed*ish krona had [redacted] under huge [redacted]. Sweden [redacted] to devalue [redacted] fight. It [redacted] the latter [redacted] and [redacted] shown courage in [redacted] weight [redacted] artillery it has com[redacted] *to* [redacted] With luck, interest [redacted] high will convince the markets [redacted] the seriousness [redacted] the commitment. [redacted] they [redacted] convince them, instead, of [redacted]ity [redacted] position.

Swedish case

Sweden's [redacted] special [redacted] Not only [redacted] contagion from *Finland, but* [redacted] has already deprec[redacted] by [redacted] third against the [redacted] since 1980. Those depreciations [redacted] attachment [redacted] full employment and [redacted] tol[redacted] high [redacted] tion, at [redacted] by [redacted] dards. [redacted] commitment of the new minority centre-right coalition government [redacted] Mr Carl Bildt to exchange [redacted]bility lacks credibility and is now being [redacted] The government *has* [redacted] it must [redacted] test, whatever the [redacted]

The [redacted] Sweden is exceptional. But it is far from the only vulnerable currency. Investors are fleeing to quality. Strong currencies, notably the D-Mark, have regained what most would regard as their [redacted]ural positions.

[redacted] by the [redacted] "divergence indicator" the D-Mark and its [redacted]ellites – [redacted] Belgian franc and the Dutch guilder – [redacted] *strengthened* [redacted] *the* [redacted]. The French [redacted] has maintained its, admittedly weak, ground. Meanwhile, higher yielding [redacted] like [redacted] Spanish peseta, [redacted] pound sterling and [redacted] Italian lira, [redacted] weakening. [redacted] to continue, pressure would [redacted] put [redacted] a number of important [redacted] pressure would [redacted] augmented by any [redacted] in [redacted] rates.

Following suit

The reasons for the weakness of the traditionally weak currencies are not far to seek. Many investors [redacted] whether it will [redacted] politically possible [redacted] follow [redacted] suit. *Furthermore, three-month* [redacted] differentials [redacted] the D-Mark [redacted] only half [redacted] percentage point for [redacted] French franc, 1¼ percentage points [redacted] sterling [redacted] percentage points for [redacted] Span[redacted] peseta [redacted]. It would not take much [redacted] a re-alignment to wipe [redacted] gain [redacted] provide.

Equally important are [redacted] *longer-term* [redacted] by [redacted]. The [redacted] tough, while [redacted] towards [redacted] been [redacted] whether the [redacted] will [redacted] Others will [redacted] themselves which [redacted] *will* [redacted] *join.* All know that one of the conditions is likely to be that a participating currency [redacted] not be re-aligned [redacted] entry [redacted] Emu.

Worries [redacted]. Are curren[redacted] *going* [redacted] *enter Emu* at present [redacted] and, [redacted] not, which will [redacted] re-alignment? Will governments be prepared to follow the tough policies required for convergence? Are some important currencies to be left dangling in the currency market breezes for many, many years? Many have argued that if Emu were to be done, 'twere better done quickly. The pressures of the next few years might confirm their fears.

Challenge from the far right

If – [redacted] held to [redacted] the case – economic growth provides the [redacted] effective anti[redacted] *to* [redacted] *extremism,* then [redacted] the ultra-right [redacted] Europe should [redacted] occurred. In [redacted] Europe, the [redacted] three years [redacted] seen [redacted] highest rates of economic expansion *for a decade. Yet they* [redacted] with gains in support [redacted] the far-right on a scale which [redacted] important challenge [redacted]lished parties in half a [redacted] countries.

Britain [redacted] *so* [redacted] *been* [redacted] exception, partly [redacted] proportional representation in most of [redacted] of Europe gives greater political clout [redacted] parties, partly [redacted] the extraordinarily [redacted] credibility of [redacted] National Front [redacted] leadership [redacted] in 1981. Nonetheless, this [redacted] Britain by Mr Jean-Marie Le Pen, the leader *of* [redacted] *National Front,* has highlighted [redacted] right's efforts to [redacted] groupings spanning [redacted] continent. It is [redacted] for a rational debate [redacted] aspirations [redacted] this unpleasant part [redacted] the political spectrum, [redacted] on [redacted] for its advances.

Simple measures

Although *straightforward* law-and-order measures should [redacted] any extrem[redacted] violence or incitement to violence, the [redacted] *increasing right-wingers' allure* is [redacted] brand all [redacted] for them as [redacted]. Unless the mainstream parties [redacted] seriously the support for extrem[redacted] by [redacted] from Brussels [redacted] Brescia, [redacted] Marseilles to Munich, [redacted] discus[redacted] will [redacted] still further [redacted] hands [redacted] respectable politicians. When Europe is preparing [redacted] down the [redacted] towards much greater economic and political integration, this would [redacted] a [redacted] back. Nothing [redacted] in greater contrast [redacted] the spirit [redacted] European unity than for [redacted] growing proportion [redacted] European [redacted] to cling with [redacted] tenacity [redacted] inward-looking politics [redacted] far-right nationalism.

From [redacted] voters' point [redacted] view, the popularity [redacted] Le Pen-like figures [redacted] had a touch [redacted] desperation about it – reflecting the natural proclivity of [redacted] citizens to turn [redacted] the protest [redacted] *social* [redacted] *economic* upheaval. Many [redacted] on low or fixed incomes have [redacted] their [redacted] the right-wing fringe out of concern that they have been [redacted] behind while [redacted] been prospering in *Europe's get-rich societies.* [redacted] potent than long-term unemployment, pressure on housing and social security has added to the radicals' appeal.

Immigration fears

[redacted] uncontrolled immigration [redacted] been a central [redacted] both east and [redacted] Germany, where [redacted] intoler[redacted] against foreigners in *recent months, this year's* [redacted] number of asylum-seek[redacted] now [redacted] a [redacted] preoccupation [redacted] only [redacted] but [redacted] *traditional Social Demo*[redacted] signifi[redacted] common [redacted] behind [redacted] rightwards swing has, how[redacted] growing [redacted] that many [redacted] impotent, out [redacted] touch, and, in at [redacted] *corrupt as* well. In France, Germany, the Netherlands, Belgium and [redacted]tria – [redacted] principal countries [redacted] the ultra-right have been *making the* [redacted] – disenchantment with the parties in power [redacted] been combined with [redacted] feeling that [redacted] mainline opposition offers few genuine alternatives.

One comfort is that west Germany's flirtation with the [redacted] during the [redacted] like Britain's with [redacted] National [redacted] in the 1970s, [redacted] that the ultra-right can shrivel as swiftly as it [redacted]

However, mainstream politicians should not [redacted] problem will simply go away. Among [redacted] useful catalysts might be harmonisation [redacted] realistic asylum policies, [redacted] defuse demagogues' claims that [redacted] one country is shouldering an unfair burden. More attention to social [redacted] like housing, which [redacted] poorer people, [redacted] help. [redacted] all, politicians should [redacted] resist entrapment in a professional cadre; [redacted] arguments in the right must [redacted] in language and style capable of [redacted] away [redacted] dangerous simplicity.

Christopher Parkes on the Ruhr, Germany's heavy industrial centre

Dying heart still beats

The defenders [redacted] Ruhr have [redacted] and [redacted] the [redacted] burns, [redacted] will not [redacted] enough [redacted]ing down the Rhine through Bonn [redacted] the flames." Water, in [redacted] event, [redacted] not [redacted]. *Money* by the bucketful has served perfectly well to damp down the fires of resentment which have smouldered and occasionally flared *in the so-called "coal hole" of* Germany during the running down of its traditional mining and steel industries.

Federal and state subsidies *have been poured in.* Even now, as Mr Jürgen Möllemann, econo[redacted] minister, never tires [redacted] repeating, [redacted] job [redacted] subsidised [redacted] DM76,000 [redacted]. Mining alone [redacted] DM11bn of aid a [redacted]. But restructuring aids for steel have already run out, and Bonn, harried [redacted] European Commission competition authorities, [redacted] drawn [redacted] under coal hand-outs.

Since the early 1960s, mining has lost almost 80 per cent of its 500,000 jobs; 100,000 in the past decade. In the past 25 *years steel has shed more than* 40 per cent – most during the international steel crisis of the 1980s – reducing the workforce to about 120,000.

And now here comes another round: at least 30,000 mine employees will be cut adrift in the next 10 years, along with an estimated 40,000 more in ancillary industries; Thyssen is to shed 2,000 steel men in Duisburg [redacted] year, [redacted] Austria's Voest-Alpine threatens [redacted] with the "reorgan[redacted] special [redacted] operations in Germany.

More seems certain to follow in the renewed restructuring of steel. Armed with 24.9 per cent of its target's stock, the steel and engineering group Krupp is bobbing and weaving around merger-shy [redacted] while [redacted] *same time talking* "co-operation" with Thyssen's special steels division.

The heavy industry workers of the Ruhr have hard heads beneath their hard hats. They know what words like merger, *co-operation and reorganisa*tion mean. They learnt in the 1980s as Germany shut down 20m tonnes of steel capacity, more than half the total closed by [redacted] of [redacted] European Community industry in [redacted] great shake-out.

[redacted] while capacity cuts are unlikely, [redacted] tie-up [redacted] Krupp and Hoesch and the consequent rationalisation will endanger the [redacted] of [redacted] least [redacted] people. Accordingly, [redacted] "Hoeschianers" gathered in [redacted] recently [redacted] boo [redacted] boss, Mr Kajo Neukirchen, while he tried [redacted] explain that [redacted] thought of [redacted] never [redacted] *his* [redacted] started collaboration talks with Krupp in the summer.

The Ruhr miners' and steelworkers' [redacted] have traditionally been well-attended, spirited and noisy. But there *has been none of the blood-let*ting and few of the tears seen during the British miners' last stand against market forces in the strike of 1984-85.

Wholesale sectoral restructuring in other countries has *left communities unbalanced* by large-scale unemployment, dispirited and depopulated, drained [redacted] brainpower. North-Rhine Westphalia, home to 17m of [redacted] former [redacted] republic's [redacted] people, and [redacted] people clustered in the *Ruhrgebiet,* has lived for years with unem*ployment rates high* by Ger*man standards* – about two percentage points above the national average – and with Ruhr hot-spots even now above 12 per cent compared with less than 6 per cent overall. And yet what local headline writers persist in calling "the dying heart" of Germany has so far demonstrated a curious reluctance to stop beating.

If anything, *it is working fas*ter and to a new rhythm. A *quarter of the 47,000 new com*panies registered in Germany during the first half of this year were set up in North-Rhine Westphalia, and about 130,000 jobs are currently being created annually. Many are in *new or formerly under-repre*sented sectors. [redacted] the end of last year, for example, 3m people – 51 per cent of all employees – were working in service industries, compared with 46 per cent in 1985. Electronics *and electr*[redacted]*,* popularly [redacted] be the domain of the high-tech south, gained almost 7,000 jobs last year and now employs almost 450,000. Inside the Ruhr less than 30 per cent of jobs are *dependent* on iron and steel compared with 60 per cent at its post-war peak.

The stripping down of mining and steel has also exposed underlying muscle: a third of Germany's much-admired *Mittelstand* of medium-sized companies is based in the state. Once believed doomed as the *"traditional" industries on* which they largely depended were whittled away, they have proved flexible and innovative enough to find new products and markets to suit their skills in engineering and logistics. *The German growth industry* of the moment, food processing, provides more than 100,000 jobs in 800 companies, and local engineers make the machinery they need. A third of all German textiles come *from the area, and the state* still produces a third of all German exports.

But the erosion of the traditional Ruhr industries has also exposed weaknesses in the local economy. Annual growth *rates in all* [redacted] *sectors* in [redacted] Westphalia [redacted] consistently lagged behind the former [redacted]deral republic average. Wages have been consistently higher. Personnel [redacted] amount *to some 44 per cent of gross* product value, compared with 25 per cent in manufacturing [redacted]. In steel, labour costs [redacted] DM49 a tonne far outstrip those of competing France (DM38) and Britain (DM32). Women, *paid relatively low wages,* are preferred to men in developing sectors such as retailing, food and textiles.

Assessing the single greatest strength of the Ruhr and its home state takes little more than a glance at the map: 40 per cent of all the consumers in the European Community (the richest, at that), live just one day's journey away along some of the best communications networks in the world.

*But strong as the geographi*cal and infrastructural foundations are, questions are cropping up about the ability of the new industries built on them *to withstand the new wave of* pressures.

The flurry of refreshed and new economic activity which anticipated and accompanied unification is petering out. German investment in the east is stalled by disputes over land and property ownership and indecision at every level over who is responsible for the former DDR's burdens of commercial debt and *environmental* devastation. And there is no sign of overseas markets providing any stimulus to keep [redacted] motor running [redacted] full power. [redacted] is *top-level talk* of recession in the heart of the European economy, of which the Ruhr is only a part. And the Ruhr is once again buzzing with inflammatory talk. "There are young people among us who are willing to use violence," one prominent labour leader said recently.

But the region, once a blot, [redacted] years been merged irretrievably into the new German landscape. The money which poured in from Bonn, the state capital Düsseldorf, and from industry has eased personal hardship, soothed incendiary tendencies, and also softened the Ruhr's hard edges.

There are now 50 universi[redacted] North-Rhine Westphalia, nurturing almost 500,000 students, 14 technology [redacted] and the Max-Planck [redacted] has 11 centres. Smoky little Bochum has its own symphony orchestra. Three-quarters of the state, much retrieved from slag heaps and industrial wasteland, is under crops or forest, and 10m trip*pers come to sightsee and shop* every year.

The restructuring is continuing. Even as Bonn withdraws *its* support, Germany's leading companies, many of which have their roots in and around the region, have stepped *in to* fill the gap. The *Initiativkreis Ruhrgebiet,* representing 52 groups and headed by Mr Hilmar Kopper, head of the Deutsche Bank and Mr Friedhelm Gieske, boss of RWE, one of the biggest conglomerates in the country, was set up [redacted] specifically for this purpose, and last month it announced that its programme, due to end in 1993, would continue until 1998.

Its [redacted]embers have [redacted] invested DM5bn [redacted] the [redacted] and [redacted] Another DM4.5bn is committed, and DM12bn is [redacted] for the next five years of the programme. Bonn now must divert its resources to the industrial and social catastrophe *looming* over its five new component states. Next year alone some DM170bn, more than 6 per cent of the west's gross national product, will be mobilised for fire-fighting in the former DDR. The tribula*tions of the Ruhr are fading* into relative insignificance, and, along with its tradition of monumental heavy industry, are being pushed rapidly into history.

Notice served on networks

John Griffiths and Andrew Hill on an EC car industry ruling

Sir Leon Brittan, [redacted] EC competition *commissioner, this week served* [redacted] on European [redacted] makers that they will have to [redacted] to retain their networks of exclusively franchised dealerships through which [redacted] tra*ditionally* have been sold in Europe.

Sir Leon on Wednesday upheld the right of "intermediary" companies – operating outside *the franchised* networks – to import cars on behalf of individual customers across EC member state boundaries. In so doing, he signalled his desire to end the franchise system – and potentially *to* open car sales up to a "free-for-all" through outlets such as supermarkets – when the industry's exemption from EC competition rules expires in [redacted]

The exemption provides the underpinning for the sale and distribution of cars throughout the EC. But critics claim it is at least partially *responsible* for the wide disparities in new *car prices* alleged to exist throughout the Community.

To gain the exemption in 1985, the industry argued that cars are exceptionally complex *products, with important* safety implications and requiring expert maintenance. Only dealers specifically franchised by manufacturers, and able to earn adequate profit margins and thus invest in proper *equipment and training,* could reasonably meet these requirements.

The industry still insists that this is the case. Critics, led *by* consumers' associations, are increasingly dubious – *not least,* they say, because cars have become *so* reliable, and because numerous surveys have found the standard of repair and servicing at franchised dealers no better than at independent garages.

The main issue, however, is the increasing public perception that cars would be cheaper, and with no real after-[redacted]ntages, if [redacted] through a variety of outlets.

Despite his "clarification" of the role which intermediaries [redacted] play in importing cars [redacted] EC boundaries, Sir Leon has not enabled them [redacted] up rival sales outlets immediately.

Indeed, he took care to emphasise that the industry exemption system remains in place – not least to allay the concerns of France and Italy, which regard it as a crucial mechanism for monitoring Japanese car imports after the creation of the EC single market next year, and during the transition to a completely open market for cars by 1999.

What Sir Leon has done is to underline the intermediaries' existing right to operate within the exemption system. Broadly, he clarified the right of intermediaries to organise their activities as they wish, provided they confine themselves to securing a specific car for [redacted] named client, and do not seek to sell cars as if they were ordinary dealers.

What prompted the clarification was a complaint by Peug*eot of France that Ecosystem,* a Rouen-based intermediary, was actually reselling in France cars bought in Belgium and Luxembourg. Peugeot ordered its dealers in those countries to stop supplying Ecosystem. The Commission rejected the complaint and ordered Peugeot to lift the ban or lose the protected status of its dealers.

Sir Leon's action is not the only indicator that block exemption for the car industry may not survive, at least in its present form, after 1995.

Earlier this year Dr Klaus Stover, a now-retired senior Commission official responsible for much of the exemption's monitoring, told a Financial Times conference that the Commission would be unlikely to renew the exemption unless car prices between *EC member states* converged.

To the manufacturers' chagrin, virtually every independent survey of EC new car prices undertaken *has* found wide discrepancies, particularly between the UK and main continental markets.

The two most important, unpublished, surveys were those undertaken for the UK's Monopolies and Mergers Commission *(MMC),* and by the Motor Industry Research Unit (Miru) for the EC Commission.

The MMC study found that pre-tax prices in the UK can be 50 per cent higher than in some other EC markets, and generally 20-30 per cent higher. However, its findings are *only partially borne out* by Miru, whose report is now in the Commission's hands.

Even when account is taken of exceptionally high discounts in the UK, prices of small cars in particular were *up to 30 per cent higher than* in other key markets, Miru found. But, it concluded, larger family cars were cheaper in the UK than in most other EC countries.

Miru's research refrains from blaming for the disparities on the exclusive franchise system. But it does conclude that manufacturers have made their model ranges and pricing structures in each country so disparate and so complicated that even the most sophisticated buyers are unable to untangle them.

The suspicion is widespread among consumer groups that this is deliberate, aimed at discouraging consumers from seeking cars abroad.

If the Miru research leads the *Commission* to reach a similar conclusion, it will do little to help the industry's case for the exemption to be retained – at least in its present form.

Getting down to business

■ Good luck to Derek Keys, the tough and widely respected South African businessman who is to direct South Africa's economic policy from early *next year. He faces a tough* job getting to grips with a civil service bloated by apartheid and a tortuous bureaucracy which stifles efficiency.

He is one of a famous trio of South African businessmen - Donald Gordon and Sir Mark Weinberg being the other two - who were contemporaries at a leading Johannesburg school, King Edward VIIth, and then as accountancy students at Witwatersrand University. Keys was the top student in his year. Gordon, not a modest man, is reputed to have commented that "many people have said I'm a brilliant man, but you know there's one more brilliant than me....that's Derek Keys."

Keys is the second top Gen[redacted] man [redacted] be tapped by Pretoria. *One of his predecessors,* Wim de Villiers, was also hired just over a decade ago to do the same sort of thing – bring the habits of the private [redacted] into government.

He is not an Afrikaner - which makes him unique in the top ranks of Government - and he has never before been publicly identified with the ruling National Party. With finance minister Barend du Plessis heavily engaged in negotiating South Africa's future, Keys will be required to get a firmer grip in eco*nomic policy. Though he's a* representative of "big business", which the African National Congress so loves to hate, his appointment drew only mild concern yesterday from this quarter.

Chin chin

■ Some good news and some bad news about the refurbishing of London's Liverpool Street station, now enmeshed in the £2bn Broadgate complex opened by the Queen yester*day. The good news is that* commuters will still be able to use the bar in the station's basement opened up by the development.

The bad news for at least some of them is that the bar in question won't be the type you lean on with a drink in your hand, as the original plan promised. *It will be the sort* you pull your chin up to repeatedly.

Instead of turning the basement into a watering hole, British Rail has shunted *it off* for conversion into a pay-and-grunt gymnasium. Due to open in the new year, it will be run by a newly formed company headed by chartered surveyor Peter Spooner, a former partner of Edward Erdman.

His idea is to invite the station's 200,000 daily users to put themselves on the rack for 40-minute sessions, in return for a relatively low membership fee plus a charge for each ordeal. If the offer pulls, he *intends to stretch out* to other big stations scheduled for overhaul.

A somewhat inappropriately ample man in his early 40s, Erdman says he has decided to call the gym "Tracks" in preference to numerous suggestions from personal acquaintances. Besides "Sweatwork South East", he admits with a wince, the rejects included "The Fat Controller."

OBSERVER

"Let's tie a yellow ribbon round the old oak tree for Sheik Obeid"

Delphic

■ Representatives of top London fund-managers may recall *attending a presentation by* Mirror Group Newspapers' bulky advertisement director Mark Pritchett, in the Dorchester Hotel on November 13 – the week after Cap'n Bob went overboard.

Given the City's vaunted far-sightedness, the event's title should perhaps have served as forewarning. It was *The Missing Millions.*

Bullish

■ Stock markets may be plung*ing the world over but that* does not dent the confidence of Elaine Garzarelli, the Shearson Lehman quantitative analyst who jetted into London yesterday. *She expects the Dow* Jones index to climb from its present point below 3,000 to 3,755 within six to 12 months.

Having predicted the 1987 *Crash,* and having advised her clients to buy before the 1991 New Year rally, Garzarelli's reputation is riding high. Indeed the purpose of her visit *is to promote a "Garzarelli Sec*tor Analysis Portfolio" for offshore investors.

Her style and estimated $1.5m salary have filled plenty *of magazine column inches.* Described as a cross between Barbra Streisand and Cher, she is certainly unlike the typical UK market analysts who tend to belong more to the John Major school of charisma.

A good contrarian would approve of her unfashionably bullish tone; on the other hand, a good contrarian would also conclude that it is about time for her forecasting reputation to take a knock.

One more round

■ Having turned round [redacted]s sixth biggest company, what will Anthony Tennant do for an encore? With his retirement as chairman of Guinness impending, it seems fairly clear that the well-connected Old Etonian is in the market for one more *big job before* he finally retires.

Just 51, he is a stripling compared with the likes of Lords Hanson, King, and [redacted]. Having started in advertising, his great strength has been in developing brands on an international scale, at GrandMet as well as Guinness. He also seems to have been jolly good at re-motivating [redacted] demoralised business after the [redacted] Saunders era.

While not contemplating another job in the drinks industry, Tennant says he hopes "something will turn up". He describ[redacted]lf as [redacted] *manager and* [redacted] be is not keen to get involved in a lot of committee work, he doesn't necessarily rule out a public-sector post.

To Observer's mind, he might [redacted] good replacement for Lord King at British Airways. But that could well upset Sir Colin Marshall who *obviously feels he deserves* the job after his stirling work as chief executive.

So what about BAT Industries, still needing a *successor for Sir Patrick* Sheehy?

Magic lantern

■ How many Treasury ministers does it take [redacted] change a lightbulb?

None. The bulb does not *need changing.* It is brightening up in line with forecasts.

Repackaged, recycled, restricted

John Thornhill on the European battle over green legislation affecting the packaging industry

Packaging has long been something of an invisible industry: its concerns largely ignored; its companies generally neglected; its products taken for granted.

But this truism is changing with alarming speed. The emerging environmental debate throughout Europe has thrust the industry centre stage. What materials companies use and how their packages are manufactured, distributed and disposed of are becoming issues of pressing importance not just to environmental pressure groups but to a swelling number of consumers and legislators.

"Throughout Europe the packaging industry is facing its biggest upheaval this century," says Mr Michael Stone, chairman of the environmental committee at the British Fibreboard Packaging Association.

Egged on by the blossoming green movement, European governments have been busy introducing rafts of legislation aimed at restricting the use of packaging materials and ensuring their recovery and re-use.

The results have been controversy among politicians and alarm in many sectors of the packaging industry. Packaging products which are not easily recyclable, such as beverage cartons and PVC, have been the subject of restrictive legislation in the US, Denmark and Germany with potentially lethal implications for their manufacturers. The beverage carton manufacturers, such as Tetra Pak Alfa-Laval of Sweden, Elopak of Norway, and PKL of Germany, are now fiercely fighting their case with governments across Europe.

While the European Commission has been agonising about producing its own packaging directive, national governments have taken decisive action. The German government has been in the vanguard of the movement to impose tougher environmental standards. Mr Klaus Töpfer, Germany's environment minister, has launched a highly ambitious packaging initiative which effectively coerces industry into recovering and re-using ever-increasing proportions of packaging waste.

By 1995, for example, German industry will have to collect 80 per cent of all the plastic waste produced and recycle 80 per cent of that. Similar targets have been set for board and paper packages and higher standards still for glass, tinplate and aluminium.

More than 440 German companies have set up the Duales System Deutschland (DSD) to establish the infrastructure needed to recover and re-use packaging waste. This scheme came into operation in July with the aim of bringing 5m inhabitants into its network every three months.

Packaging companies pay the DSD to have a green dot symbol attached to their products signifying that they can be returned and re-used. The money raised by charging for the green dots will theoretically cover the costs of running the scheme although it is leading to higher prices in the shops.

The system has been received with surprising equanimity by German industry, which has become resigned to dealing with a powerful green lobby, but has precipitated a furious reaction outside the country. Foreign companies which do not buy into the DSD scheme fear their products will be disadvantaged in the German market; they have complained vociferously to the European Commission. Many packaging companies also fear that the enormous volumes of packaging materials collected in Germany will be dumped on foreign markets, destroying the fragile economics of indigenous recycling systems.

The Commission has so far reacted coolly to these advances as it contemplates its own much-delayed packaging directive which will supersede national legislation. The Germans have been lobbying hard to have the main principles of their own system adopted across Europe and the second draft of the EC directive, released in September, shares many of its general premises (although differing in details).

As it stands, the EC directive has three main principles:

- within 10 years the output of packaging waste per head of population must not exceed 150kg a year – being the estimated average across the EC.
- within five years 60 per cent of packaging waste by weight must be recovered by industry, increasing to 90 per cent within 10 years.
- within five years 40 per cent of packaging waste is to be recycled, increasing to 60 per cent within 10 years.

Intense lobbying by industry and environmental groups will precede the release of the Commission's final draft directive next year. But there is growing concern in the French and UK governments in particular that the German model may become a blueprint for EC legislation. They have been alarmed at the expense of establishing the German DSD system – estimated at DM10bn (£3.5bn) to set up and DM2bn a year to run – and fear it will lead to a substantial increase in the price of consumer products. There are already dark mutterings in Whitehall warning of a "second Common Agricultural Policy".

Many consumer products and packaging companies have also been trying to shift the battleground for the environmental debate. They argue that recycling is not a universal panacea for Europe's packaging waste problems and suggest it is essential to assess the total environmental impact of a product.

They suggest, for example, [illegible] though a beverage carton cannot easily be recycled [illegible] compares favourably [illegible] glass bottle once the [illegible] effect [illegible] manufacturing, storage [illegible] distribution [illegible] account.

From the opposite end of the spectrum, many environmental groups are also unhappy with the proposed EC legislation, believing it does not do enough to encourage alternatives to packaging such as refillable [illegible] dispensing systems in supermarkets. [illegible] Ms Penny Walker, a campaigner [illegible] the Earth, insists: "Legislation should be about protecting the environment, not the interests [illegible] companies."

In these debates one of the greatest challenges facing the architects of the EC packaging directive is defining terms. [illegible] of the most frequently used packaging concepts are ambiguous. [illegible] a package [illegible] contains only 50 [illegible] recycled material [illegible] recycled package, for example?

"What exactly is a returnable package, a one-way package, a recyclable package, a recycled package? We have to think of [illegible] things in nine languages. It is not easy," says Mr Eusebio Murillo-Matilla, [illegible] in the EC's waste management unit.

Another complication is that solutions for packaging [illegible] that work well in [illegible] country [illegible] elsewhere. "It depends on social, cultural [illegible] geographical [illegible]. We cannot [illegible] on [illegible] ing one person's [illegible] to another person's problems. Refilling all bottles [illegible] good [illegible] where [illegible] plenty [illegible] where [illegible] shortage," Mr Murillo-Matilla [illegible].

The [illegible] that [illegible] industry observers [illegible] whether the EC will [illegible] able [illegible] produce [illegible] legislation. Nevertheless, no company can afford to ignore environmental considerations in packaging its products. Although [illegible] packaging [illegible] represents only [illegible] 2 per cent of [illegible] it will inevitability [illegible] to attract a disproportionate [illegible] of attention [illegible] environmental [illegible] and the general public.

It is not yet clear that "green [illegible]" will [illegible] all-pervasive [illegible] the packaging industry in coming years. [illegible] far, the [illegible] has swept remorselessly [illegible] but it [illegible] begin to [illegible] once [illegible] and politicians appreciate [illegible] full [illegible]. It is perhaps significant that recent [illegible] proposals on packaging [illegible] the German legislation.

[illegible] ately affected by increasing packaging regulation is trade. Many companies have already lodged complaints with the EC protesting that the rigid German [illegible] of goods [illegible] borders. [illegible] a burning [illegible] with the [illegible] of the single European [illegible] in 1993. It [illegible] even, perhaps, [illegible] the industry hopes will [illegible] backlash against tough environmental legislation.

"The packaging industry has allowed [illegible] down and [illegible] if packaging legislation detracts from consumers' ability to consume it will turn them against those politicians who introduced it," one industry observer predicts.

Packaging goes green

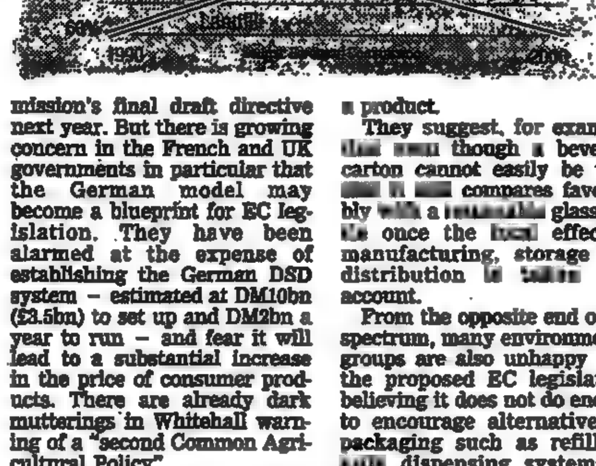
Duales System Deutschland targets from 1.1.93 (%)

MATERIAL	COLLECTION	SORTING	RECYCLING
Glass	60	70	42
Tinplate	40	65	26
Aluminium	30	60	18
Board	30	60	18
Paper	30	60	18
Plastics	30	30	9

Duales System Deutschland targets from 1.7.95 (%)

MATERIAL	COLLECTION	SORTING	RECYCLING
Glass	80	90	72
Tinplate	80	90	72
Aluminium	80	90	72
Board	80	80	64
Paper	80	80	64
Plastics	80	80	64

European Commission waste management targets for packaging



Joe Rogaly

Duty, not destiny

[illegible] John Major [illegible] stands a good chance of getting a deal at Maastricht. Let's [illegible] he does. That would [illegible] his government safely through to Christmas. As to the new year – well I hate to [illegible] blanket, but what he gains from Europe [illegible] stands [illegible] from [illegible] recession.

The prime minister is approaching Monday's [illegible] mit [illegible] would a 1960s trade union leader, bargaining in public. We know where he has a mandate for compromise and where not, where the script [illegible] Britain will [illegible] John will [illegible] obliged to growl, "I cannot [illegible] to that; my executive committee would not accept it".

This strategy is of his own making. He [illegible] deliberately structured [illegible]. Under his guidance the close-knit corri[illegible] European policy [illegible] personality. It is an artificial construct, the product of collegiate government [illegible] chairmanship of a prime minister whose political future depends [illegible] ability to carry [illegible] colleagues along with [illegible].

Every secretary of [illegible] with an interest in [illegible] treaty negotiations [illegible] 10 Downing Street, on terms acceptable to his department. The [illegible] committee of [illegible] cabinet, [illegible] Mr Major chairs, [illegible] worked [illegible] open. Invitations [illegible] all [illegible] slightest [illegible] in the topic of the day. The foreign secretary, Mr Douglas Hurd, [illegible] run his [illegible] sub-committee [illegible]. Ad hoc meetings [illegible] worried away [illegible] sticky points.

A [illegible] of the result, carefully phrased [illegible] there is room for man[illegible] by Mr Major [illegible] on [illegible]. A video of his performance has since [illegible] once by Mr Jacques Delors [illegible] twice by the Dutch chairman of Maastricht, Mr Ruud Lubbers.

You would think that with [illegible] much preparation there can be little chance of anything going wrong. We shall see. If there is a mishap, Mr Major will [illegible] his foreign secretary, Mr Douglas Hurd, whispering in his well-known dulcet tones in one [illegible] his chancellor, Mr Norman Lamont, murmuring in [illegible] familiar melancholy way in the other. [illegible] nobody can foresee is at what point the prime minister will feel obliged to stick his hand in the air and ask for permission to leave the room.

When he does, as he surely will from time to time, [illegible] be to telephone a colleague [illegible] for more leeway. There [illegible] need for a departure from script [illegible] say, the social charter. In that case Mr Michael Howard, the employment secretary, is likely to [illegible] telephoned. He will have to be [illegible] stand-by, however [illegible] hour. Should the stumbling [illegible] be, [illegible] industry policy [illegible] will [illegible] Mr [illegible] Lilley [illegible] his [illegible] midnight [illegible] (presumably of a sunny day [illegible] no longer industry secretary) rudely [illegible]. Mr Hurd [illegible] not expect [illegible] to happen.

At what point will Mr Major stick up his hand and ask to leave the room?

[illegible] Major [illegible] in this con[illegible] position [illegible] Conservative approach [illegible] informed by any [illegible] of historic destiny. [illegible] for [illegible] their dreams. The Germans, with their [illegible] about whether they [illegible] be predominant [illegible] same time, are accustomed [illegible] dialogues [illegible] destiny. They [illegible] flexible. To [illegible] politics are normal; they [illegible] their own [illegible] another. The French, who [illegible] that they have a patent on destiny, [illegible] president will [illegible].

None of this applies [illegible] Britain. The [illegible] has [illegible] an overview [illegible] picture of [illegible] treaty on political union [illegible] resides in the mind of the foreign secretary, Mr Douglas Hurd. He expects it to produce some small strengthening of the European union as envisaged in the Treaty of Rome in return for an entrenchment of the inter-governmental principle in what he regards as the most important areas. Thus defence, security, immigration, asylum, pan-European policing and the like will be kept outside [illegible] Brussels-based mechanism. It is a picture designed for domestic consumption.

If [illegible] narrow British nationalism, it has [illegible] counterparts elsewhere. Look [illegible] further than Calais. [illegible] Monde suggested this week, France enjoys the protection of Britain's outspoken opposition [illegible] strengthening the [illegible] ers [illegible] either the Strasbourg parliament [illegible] the [illegible] commission. Quite right. There is [illegible] contradiction between being a good European and wishing to avoid moving too far too fast.

There may [illegible] little [illegible] glorious in Mr Major's [illegible], but if [illegible] works it should [illegible] political dividends. His strategy, [illegible] carefully [illegible] out, seems [illegible] suit [illegible] current [illegible] of the [illegible] lines are already beginning [illegible] appear, suggesting [illegible] impending triumph [illegible] the word "federal" here, a victory [illegible] the commission there. Momentum is building up. [illegible] whistle.

If [illegible] does, [illegible] opinion polls [illegible] as much, [illegible] should [illegible] early election – [illegible]. For [illegible] Euro-fuss of the past [illegible] disguise what for [illegible] should [illegible] a disquieting underlying trend in public opinion. People have become markedly [illegible] optimistic about [illegible] the [illegible]. Normally this would presage a lengthening of [illegible] Labour [illegible]. In [illegible] clearly due [illegible] Europe occupying centre-stage. The August coup in [illegible] fortunes as Mr Major hit the [illegible] once [illegible] story [illegible] Labour [illegible] again.

Next week's negotiations could [illegible] creating the same [illegible] in what [illegible] polls foretell. [illegible] Houdini Major may [illegible] his European [illegible] Maastricht, but the [illegible] put him in a box at the bottom of a lake.

LETTERS

Where Britain must play its role in EC employment standards policy

From Mr Chris Curson.

Sir, Since your leading article dealing with the Social Charter (December 4) [illegible] many of the things on this subject that the Institute of Personnel Management has been saying for the past two years or so, I was especially pleased to read it.

Looking at all the issues to be discussed and dealt with at Maastricht, it does not take a genius to guess that the prime minister will have to give ground in some areas and that social policy may well be one of them.

The knee-jerk opposition to any proposals for EC initiatives in these areas that has been evident in many quarters in the UK has turned out, I believe, to have been ill [illegible] and unhelpful, as your article suggests.

Achieving a playing field that is level in every sense must surely involve addressing some of the employment issues on a community basis to achieve, as your leader said, "a framework of minimum standards that individuals should be able to expect in the labour market..." If we can accept that, we have a very valid contribution to make in considering the detail so that flexibility is sufficiently built in *not* to [illegible] jobs [illegible].

[illegible] is, of course, likely [illegible] to [illegible] als to underpin employment rights, and such costs need to be [illegible] carefully. But employees will in future expect improving [illegible] and other European [illegible] petitors do not [illegible] find improving standards here incompatible [illegible] higher levels of labour productivity than our own.

Perhaps there is a [illegible] here [illegible] us all [illegible] ponder.

Chris Curson,
17 Woodland Way,
[illegible]
[illegible]

Bank should pick up the BCCI bill

From Dr Adil Elias.

Sir, Of course Bank of [illegible] and Commerce [illegible] depositors were angry to learn that the costs of liquidating BCCI may amount to about one-third of the remaining assets ("BCCI provisional liquidators run up costs of $200m", December 3).

They were even angrier to have confirmed in court that a fraudulent institution headquartered for most of its life at 100 Leadenhall Street spirited more than $10bn of its deposits from under the nose of its principal regulator, the Bank of England.

As you wisely said in your recent leading article ("A failure of supervision", November 18), UK bank regulation has failed us. If we cannot be adequately compensated, the least the Bank of England could do would be to pick up the fees and costs of the liquidators clearing up the mess.

Adil Elias,
chairman,
BCCI Depositors' Protection Association,
11th Floor,
Station House,
Stonebridge Park,
Wembley, Middx HA9 6DE

LBC's logging of transmissions

From Mr David Haynes.

Sir, With [illegible] article, "Watchdog will investi[illegible] LBC" (November 28), I wish [illegible] point out that LBC, owned by the Crown Communications Group, is completely aware of its legal requirement to log all transmissions for a period of 42 days. In fact, as a news talk station where the output regularly makes the news, we keep all our material for a much longer period.

It is important that you are aware that the Radio Authority remains entirely satisfied with LBC's maintenance of [illegible] requirements.

You also referred to Aspermont, the parent company of Darling [illegible] TV, a major shareholder in Crown. Aspermont, which is trading profitably, has assets well in excess of its liabilities and the Peat Marwick audit qualification on unfunded commitments no longer applies as the group has raised over A$10m to meet its obligations. Aspermont has full confidence in Crown.

David Haynes,
chief executive,
Crown Communications Group,
Crown House,
72 [illegible] Road,
London W14 8YE

Independent thoughts

From Mr Graham Mather.

Sir, The Institute [illegible] Economic Affairs is, of [illegible] a "Tory think tank" ("Tory think tank [illegible] reform", [illegible] 2).

Its independence [illegible] influence [illegible] in all parties with innovative ideas of independent authors – as witness the study [illegible] constitutional reform [illegible] you reported.

[illegible] Mather,
general [illegible],
Institute of Economic Affairs,
2 Lord North Street,
London SW1P 3LB

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Industrial intervention does have a place in democracies

From Mr Robert Wade.

Sir, Beware the east Asian snare, says Martin Wolf ("Paths to progress", November 15). The governments of Japan, Taiwan, South Korea, and Singapore did practise industrial interventionism, but this does not mean that intervention was essential for their success. Hong Kong was [illegible] without intervention. And insofar [illegible] intervention helped more than it hindered in the [illegible], it depended on an authoritarian form of government. [illegible] countries committed to democracy, like [illegible] Europe, the [illegible] Asian model [illegible] irrelevant or even dangerous. The good news is that democracies can do just as well as authoritarians, partly because industrial interventionism cannot do much [illegible] fast growth even when authoritarian conditions are present.

The argument is interesting but not convincing. In [illegible] respects [illegible] and Korea intervened at least as much as the flops elsewhere (Argentina, Brazil, India, etc.). Both have unusually large public [illegible] prise sectors; and their overall public [illegible] are larger in terms of public sector final demand than those of putatively socialist countries like India and Tanzania. They and Japan actively managed their trade, giving different incentives to different industries to sell at home or abroad.

Given that [illegible] countries [illegible] had [illegible] growth records in the world it is more plausible that their industrial policies helped growth [illegible] that they hindered it. They helped because they were designed to enhance [illegible] and [illegible] upon performance, [illegible] that similar policies [illegible] often [illegible]. And they operated through markets [illegible] than [illegible] allocation, but markets which were "dis[illegible]" [illegible] allo[illegible] in [illegible] with the government's [illegible] of the [illegible] and [illegible] profile.

Hong Kong supports the case that industrial intervention practised in [illegible] other cases did make a difference. The Hong Kong government has done very [illegible] protect and promote Hong Kong industry. And Hong [illegible] industry has not [illegible] very [illegible] compared with [illegible] others. In [illegible] it [illegible] at the low-end range of industrial products, clearly [illegible] on the same trajectory as [illegible] ers.

All [illegible] examples [illegible] 19th- and 20th-century "catch up" have pursued a strategy of protection and other forms of promotion. Mr Wolf [illegible] tell [illegible] and the east Europeans which substantial, non-oil [illegible] made significant relative gains without [illegible] industrial intervention.

Effective selective intervention is possible in a democracy, as in Japan. But to take the debate forward we must distinguish between types of "democracy" (as well as types of "intervention").

Robert Wade,
Institute of Development Studies,
[illegible] University

FINANCIAL TIMES
Friday December 6 1991

Transportation secretary Skinner takes over in the Oval Office

Team player: Samuel Skinner, a [illegible] who has good relations with Congress [illegible] administration colleagues

Bush names White House chief of staff and election team

By George Graham in Washington

PRESIDENT George Bush yesterday appointed Mr Samuel Skinner, the transportation secretary, as White House chief of staff in place of Mr John Sununu, the pugnacious former New Hampshire governor who resigned earlier this week.

Mr Bush [illegible] campaign team in an effort to bring new momentum to his domestic and economic policies and to halt the impression of disarray that has dogged the White House in recent weeks. The re-election effort will be led by Mr Robert Mosbacher, the commerce secretary. Mr Robert Teeter, a leading pollster, becomes Mr Bush's chief political strategist, [illegible] Mr Fred Malek, a businessman, is named as campaign manager.

The new White House team is expected to seek to capitalise on [illegible] perception [illegible] Mr Bush is taking charge of his domestic agenda by effectively firing Mr Sununu, even if there will be little substantive change in the administration's policies.

The White House in the last [illegible] assailed from all sides as the sputtering economy [illegible] to the top of voters' [illegible] driving Mr Bush's opinion poll popularity ratings down by more than 20 percentage points.

Conservative Republicans – mostly in Congress but including Mr Jack Kemp, the housing

■ White House faces budget deal fight..Page 5

and urban development secretary – have urged Mr Bush to take immediate action to stim[illegible] the economy.

Mr Bush's decision to delay any such action until January, coupled with a [illegible] of unwise moves such as the cancellation of a trip to Asia and an ill-considered call for lower credit card interest rates, highlighted an apparent lack [illegible] on domestic issues.

Mr Skinner, whose career has included spells as a top salesman at International Business Machines, is a tough federal prosecutor and a successful mass transit manager. He is expected to bring managerial skills and a more diplomatic manner to the White House. Unlike Mr Sununu, he is reckoned to be a team player, and has maintained warm relations with Congress and with [illegible] rest of the [illegible].

Mr Skinner is a moderate whose association with Mr Bush dates back to 1980, when he managed his Illinois election campaign against Mr Ronald Reagan. Although Mr Skinner lacks his predecessor's conservative credentials, he is not expected to be opposed by the Republican party's vocal right wing.

Mr Bush has faced mounting difficulties with conservatives, culminating in a [illegible] rebellion in Congress last month when half the Republicans in the House of Representatives urged him to put Mr Kemp in charge of domestic policy. Conservative dissatisfaction has also led Mr David Duke, the former Ku Klux Klan leader from Louisiana, and Mr Patrick Buchanan, the rightwing commentator, [illegible] challenge Mr [illegible] for [illegible] year's Republican [illegible].

Argentina's inflation rate falls to 20-year low

By John Barham in Buenos Aires

ARGENTINA'S inflation rate, once the world's highest, has fallen to its lowest level for 20 years.

[illegible] prices [illegible] by just [illegible] in November, much less than expected, and equivalent to an annual rate of under [illegible] per cent. This contrasts with record hyperinflation of [illegible] per cent [illegible] 1989, President [illegible] Menem's first year in office.

The inflation rate fell to 1,344 per cent in 1990 and is expected [illegible] dropped to 85 per [illegible] for [illegible] of this [illegible].

The progressive curbing of Argentina's inflation [illegible] is further evidence of the success [illegible] policies of Mr Domingo Cavallo, the economy minister.

It also represents a political victory for Mr Menem, following his successful visit to Washington [illegible] month and a strong showing by his ruling Peronist party [illegible] mid-[illegible] gubernatorial and congressional elections. The president [illegible] to have [illegible] a corruption [illegible] involving [illegible] of his family which came to a head earlier this year.

Inflation has been falling [illegible] early [illegible] year as the government reduced its budget deficit, brought down import barriers and struggled to suppress [illegible] in [illegible] domestic economy. [illegible] sharply in April [illegible] Mr Cavallo established a fixed exchange rate and made the austral, Argentina's currency, fully convertible.

[illegible] inflation [illegible] will strengthen Mr Cavallo's hand in negotiations with [illegible] International Monetary Fund [illegible] representatives [illegible] commercial banks next week. Mr Cavallo and senior advisers are expected to continue discussions on a three-year IMF loan and open preliminary talks on restructuring the $36bn owed to private banks.

[illegible] Menem yesterday predicted [illegible] next [illegible] would be 7 per cent. Independent analysts expect the figure [illegible]. They [illegible] wholesale prices fell by 0.8 per cent in November, indicating [illegible] industry is responding [illegible] competition from imports.

Ms Debora Giorgi, a business consultant, said: "Inflation of around 1 per cent a month is sustainable [illegible] sale prices [illegible] by 7 per cent, reflecting greater productivity in local industry. [illegible] ment should rise to 14 per cent of gross domestic product from 10 per cent this year."

Private UK company raising funds to build rail line to Channel tunnel

By Richard Tomkins, Transport Correspondent

A [illegible] company [illegible] started raising funds in the City to build [illegible] first new main line railway [illegible] nearly a century.

The £2.1bn line, which is intended mainly [illegible] freight, will [illegible] 180 miles from [illegible] in the [illegible] Midlands region of England through [illegible] London [illegible] the Channel tunnel. It should [illegible] in 1999.

Central Railway Group, [illegible] company planning [illegible] line, [illegible] freight off [illegible] roads by transporting loaded lorry trailers on piggyback wagons between [illegible] and continental Europe [illegible] the [illegible].

British Rail will not be able to compete in [illegible] market, either with existing lines [illegible] planned Channel tunnel high-speed link, [illegible] rail wagons carrying [illegible] lorry trailers are [illegible] tall for [illegible] bridges and tunnels.

Central Railway Group is raising [illegible] capital for [illegible] through a pri[illegible] placing of [illegible] with financial [illegible].

This will keep the [illegible] while it [illegible] parliamentary powers to build the line.

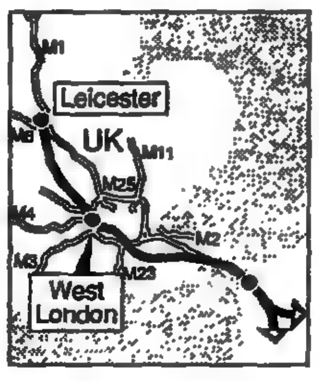
It then plans to float the [illegible] the [illegible] market [illegible] the £2.1bn construction [illegible] a further £1bn to [illegible] charges and [illegible].

The project [illegible] conceived by [illegible] Gritten, [illegible] Railway Group's [illegible] and chairman.

Mr Gritten, [illegible] a former political analyst [illegible] wrote a pamphlet [illegible] railway privatisation while working as a researcher [illegible] Centre for Policy [illegible].

The company's financial advisers are Robert Fleming, the merchant bank, and County [illegible] Mac[illegible], the [illegible].

Central Railway Group's line will use the disused track bed [illegible] the Great Central Railway line from [illegible] to Rugby



and Banbury.

It will then [illegible] alongside existing BR tracks through Willesden, Kensington and Clapham in London [illegible] Redhill, Tonbridge, [illegible] tunnel.

Lorry [illegible] will join [illegible] trains [illegible] terminals in [illegible] good motorway links, and west London.

Other operators' trains, including passenger trains, will be [illegible] on its tracks.

Central Railway Group's plans are in line [illegible] the UK government's determination to deregulate Britain's railways [illegible] encourage private sector participation [illegible] investment.

The company has a letter from Mr Roger Freeman, public transport minister, expressing his interest in the project and saying [illegible] welcomes the involvement [illegible] private capital [illegible] railways.

● [illegible] Rifkind, [illegible] port secretary, said yesterday that his department, the environment department, and the Treasury, [illegible] discussing a possible freight role [illegible] the planned high-speed [illegible] tunnel.

[illegible] also [illegible] to appoint a merchant [illegible] early [illegible] the [illegible] "the best [illegible] to hand [illegible] proj[illegible] private sector in [illegible] course".

EC leaders' compromise areas clear

Continued from Page 1

elsewhere in the treaty to get the "federal" [illegible]ference struck out. But a senior [illegible] official [illegible] Denmark was doing Britain's work for it in fighting the reference.

Nonetheless, UK officials forecast that the dispute over the words "federal goal" would only be settled in the context of the related row over the terms on which the Maastricht treaty might be reviewed in the mid-1990s. The final treaty draft still says there should be a review in 1996 "to reinforce the union's federal character".

The Dutch presidency hinted that the compromise on social policy, which it will float at Maastricht, will be aimed at defining precisely which areas of legislation covering "conditions of work" would be voted in the Council of Ministers by majority. One suggestion is that any laws governing workers' physical conditions would be passed by majority voting, but anything affecting their general welfare would stay subject to unanimity.

This would be a move in the right direction, the UK official said. But the UK government had also objected to new areas of social policy being brought within the EC's remit.

A tough clash is shaping up next week over the demands by Spain and other poorer countries for treaty amendments calling for richer countries to contribute more to the EC budget and poorer ones to receive more. The Spanish prime minister, Mr Felipe Gonzalez, has threatened to veto the treaty.

But the Dutch presidency appears to consider that [illegible] is, in the last resort, bluffing. [illegible] official said: "If Maastricht [illegible] on this issue, Spain kno[illegible] there would not be any new EC funding package next year".

The final round of top-level contacts starts today when Mr Ruud Lubbers, the Dutch [illegible] minister, will meet five [illegible] EC leaders.

All Maxwell assets up for sale

Continued from Page 1

companies. It emerged yesterday [illegible] main [illegible] MCC, led by Crédit Lyonnais [illegible] and [illegible] Bank Corporation, have appointed Price Waterhouse, [illegible] accountancy firm, [illegible] value [illegible] MCC. [illegible] banks said they would make no decision [illegible] whether MCC should also go into administration until they had the PW report.

Three MGN directors independently confirmed that the Maxwell brothers' signatures [illegible] on [illegible] authorising the [illegible] Wilson, MGN editorial director, [illegible] total value [illegible] and securities [illegible] from [illegible] pension fund was calculated to be in [illegible] order [illegible] at noon yesterday.

[illegible] is no implication [illegible] these [illegible] illegal. However, the [illegible] made [illegible] the condition that [illegible] Maxwell private companies put up collateral [illegible] loans. From the middle of the year, Mr Robert Maxwell started to sell much of this collateral.

Everything within the private empire is for sale, said Mr Talbot. Its assets include 68 per cent of MCC, 51 per cent of MGN, 6 per cent of Newspaper Publishing, [illegible] pendent, a British [illegible] newspaper, [illegible] per [illegible] Henry Ansbacher, [illegible] merchant bank, [illegible] the Lady Ghislaine, [illegible] yacht from which Mr [illegible] fell [illegible] his [illegible] a month [illegible].

Potential bidders are already lining up [illegible] MGN, [illegible] of the Daily [illegible].

Pearson, the publishing, banking and industrial group which [illegible] Financial Times, [illegible] in purchasing the majority stake in the Mirror newspapers. The main titles in the MGN group are the Daily and Sunday Mirror, The People and the Scottish Daily Record and Sunday Mail.

Mr Frank Barlow, Pearson's chief executive, [illegible] already looking seriously [illegible] tunity [illegible] buying [illegible] ling MGN [illegible] the knowledge [illegible] Lord Blakenham, Pearson's chairman. [illegible] has [illegible] yet [illegible].

Bertelsmann, [illegible] international [illegible] Germany, [illegible] also [illegible] in MGN [illegible]. Through its Grüner & [illegible] subsidiary, [illegible] already owns women's magazines [illegible] as Prime and [illegible] in the UK.

The Pearson chief executive believes that an acquisition of a controlling interest in MGN could satisfy British Monopolies and Mergers [illegible] regulations designed to prevent undue concentration [illegible] newspaper ownership. [illegible] owns only one national news[illegible].

Many [illegible] such [illegible] The Guardian, [illegible] Observer [illegible] Mr Conrad [illegible] graph Group are keeping a [illegible] on developments.

[illegible] name of Mr Kerry Packer, Australian businessman, has been [illegible] but he is thought unlikely to come forward.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	14	57
Algiers	S	19	66
Amsterdam	S	6	43
Athens	S	15	59
Bahrain	F	25	77
Bangkok	F	32	90
Barcelona	S	14	57
Beirut	-	-	-
Belfast	C	7	45
Belgrade	C	2	36

[illegible]

THE LEX COLUMN

Maxwell's sheep and goats

The collapse of the Maxwell family leaves the administrator in the curious position of running two large publicly quoted subsidiaries, Maxwell Communication (MCC) and Mirror Group. The collapse does not change the position of the Mirror, which remains an apparently healthy company despite the fact that its profits will be badly dented for the foreseeable future. For MCC, the position is more complex.

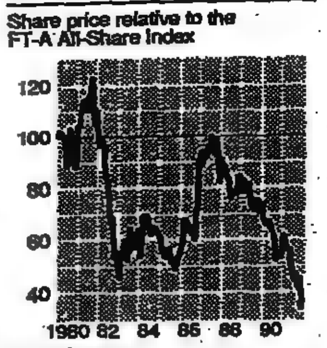
Like the Mirror, MCC has lost more than £300m in cash and pension fund assets. [illegible] ability to sustain that loss is [illegible] doubtful. But from the viewpoint of its outside share[illegible], its position is, in one sense, improved. The chief concern of the [illegible] latterly at least, was to extract cash from MCC to shore up the private side. For the administrator, the reverse is the case: his priority is not income but realisable value. That is best achieved by keeping the company in one piece and selling its shares. However low the market value, it still represents a premium over liabilities, whereas receivership would virtually ensure a deficit.

The snag comes with MCC's bankers, who would doubtless regard any residual value in MCC as their entitlement. Receivership looks on balance unlikely, at least for a while. Having taken a caning on something over £800m of Maxwell debt yesterday, the banks will be in less of a hurry to bite the bullet on well over £1bn of MCC debt as well. An alternative approach would be a capital reconstruction which would erase shareholder value but [illegible] responsibility for [illegible]. For the administrator, [illegible] would [illegible] a painless [illegible]tion. As for the shareholders, they could scarcely say they [illegible].

FT-SE Index: 2,407.0 (-16.8)

Pilkington

Share price relative to the FT-A All-Share Index



Source: Datastream

Currencies

The trouble with the Bundesbank's decision [illegible] yesterday [illegible] the uncertainty remains the [illegible]. Perhaps Mr Helmut Schlesinger was persuaded [illegible] wait until after Maastricht during his morning visit to the politicians in Bonn. Perhaps the [illegible] raising [illegible] when the [illegible] looks headed for another easing, and when the German economy too [illegible] starting to show unmistakeable signs of [illegible]. P[illegible] the continuing threat [illegible] higher [illegible] is a greater stick for German [illegible] negotiators than its [illegible] implementation.

Whatever the case, German money dealers continued to discount an eventual rate increase last night. Another certainty is that the 1992 money supply target is tight. It allows for inflation of just 2 per cent, a level which Mr Schlesinger already admits is unlikely to be met. That now matters less to the rest of the world than whether or not the Lombard rate rises by ¼ point over the next few weeks. The new target leaves little room for ease even as the slowdown gathers pace.

The implication for the UK is that German policy will remain a constraint well into next year. Sweden's six-point rate increase yesterday is a lesson of a different kind. The parallel with sterling should not be taken too far, since Sweden is wholly outside the Euro[illegible] system and operating a [illegible]tary narrow [illegible] out network support. But its experience shows that fending off a concerted attack by currency speculators [illegible] the odd half point on rates – a point which Mr Major might throw into the calculation of how much isolation he can afford after Maastricht.

Markets

For the [illegible] equity [illegible]ket, the effects of the [illegible] affair are strongly reminiscent of the [illegible] Peck [illegible] 14 [illegible]. [illegible] as [illegible], bank shares are edgy and the bear raiders are on the prowl. [illegible] dodgy shares like Brent [illegible] collapsed and [illegible] companies like P & O [illegible] beset by hostile rumours. [illegible]terday's example of the [illegible] was Lonrho, whose shares are down by almost 30 per cent over three days on the apparent grounds that, like Mr Rob[illegible], Mr Rowland is an elderly entrepreneur.

Though the market's overall nervousness will pass, it is likely to persist for individual stocks. It was several months after Polly Peck, for instance, that the BET price collapsed. On one view, the activity of the bear raiders creates bargains. But their instincts are sometimes pretty accurate: a leading sufferer from bear raids at the time of Polly Peck was Maxwell Communication.

Pilkington

Shareholders will not easily forget Pilkington's acquisition record or its hasty expansionism in the late 1980s. In a sense, however, such errors are already history. Now that a belated conversion to changed circumstances has been made, the issue is how quickly cost can be extracted from the business. Yesterday's half-year results to September were mildly encouraging in this respect; pre-tax profits were halved at £51m but, as a 9 per cent jump in the share price implied, this was a lot better than market expectations. The main surprise was the speed of the action taken to get Visioncare and the US operation back into the black.

Like most stocks in the building materials sector, though, the share price currently hinges on the dividend. While this will be uncovered for another couple of years, the more important consideration is likely to be cash flow. It is just possible, for example, that with a fair wind from disposals and a firm squeeze on working capital the company could afford to pay a maintained final this year and remain cash neutral. On the crucial assumption that the board can restrain itself from embarking on another capital spending splurge, the position should be healthier in the medium term. The uncertainties are as great as ever, but Pilkington is a better gamble than many for the income funds.

Perrier

At least one Italian family is mastering the art of the cross-border takeover. Yesterday's decision by the Agnellis to make a full offer for Exor – not just the partial bid required under French law – looks like a clever way of bolstering local pride. It can hardly be seen as a major blow for outside shareholders, though, when the whole deal is designed to secure control of Perrier through Exor's 35 per cent stake in it.

هكزامن الأحمل

FINANCIAL TIMES
COMPANIES & MARKETS
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Friday December 6 1991

INSIDE

Market Statistics

Companies in this issue

Chief price [redacted]

FRANKFURT [redacted]				**Rises**			
Rises				Cogifi	362.2	+	17.2
Didier-Werke	167	+	10	Industrielle	7900	+	770
Gerre[redacted]	390	+	10	**Falls**			
Falls				[redacted]	790	–	20
Bilfing	886.5	–	18.5	Geophysique	547	–	34
Dragerwerk	302	–	8	Redoute	4555	–	245
Heidelb	875	–	25	Sids Ross	[redacted]	–	25
Rheinmetall	260	–	11	**TOKYO (Yen)**			
NEW YORK ($)				**Rises**			
Rises				Dai Nippon	536	+	[redacted]
Boeing	42¼	+	⅞	Furukawa Bat	739	+	[redacted]
Lotus Dev	20¾	+	1½	Fuji Kiko	620	+	50
Falls				Nippon Steel	534	+	[redacted]
New York Times	18⅞	–	½	Toyo Ink	654	+	[redacted]
Sarah	15⅛	–	6⅞	**Falls**			
UAL	120½	–	4⅝	Toyo Sanso	1830	–	180
Upjohn	37⅞	–	2¾				
PARIS (FFr)							

New York prices at 12.30pm.

LONDON [redacted]				GEC	[redacted]	–	[redacted]
Rises				Excalibur	39	–	6
[redacted]	23	+	[redacted]	Lonrho	159	–	[redacted]
Pilkington	121	+	9	NSM	5½	–	[redacted]
Wellcome	[redacted]	+	24	Pearson	725	–	19
Falls				Rank Org	565	–	17
ADT	308	–	21	[redacted]	35	–	4
[redacted]	[redacted]	–	21	Spearhawk	[redacted]	–	6
Arnzo[redacted]	861	–	23	TI Group	[redacted]	–	17
BBA	108	–	7	Tiphook	[redacted]	–	12
Barclays	335	–	12	Wellman	30½	–	3½
Carlton Comm	415	–	18				
City Site	84	–	16				

Heineken plans Vietnam brewery

By Ronald van de Krol in Amsterdam

HEINEKEN [redacted] Netherlands, the [redacted] third-biggest brewery group, yesterday signed a [redacted] build [redacted] run a beer brewery near [redacted] Chi Minh City, making the Dutch company the first international drinks group to begin local production in Vietnam.

Its vehicle for investing in Vietnam will be Asia Pacific Breweries (APB), a joint venture between Heineken and the Singapore drinks group, [redacted] Neave.

APB, which will own 60 per cent of the new brewery, plans to invest $25.5m in the project. [redacted] local partner, Foodstuff Company II, owned by the Ho Chi Minh city government, will hold the remainder and invest a sum in local currency proportional to its shareholding.

The new brewery, to be called Vietnam Brewery, is expected to begin production in late 1993 with an initial capacity of 30m litres a year. At first it will concentrate on producing Tiger, an APB brand, with Heineken production to begin at a later stage.

Except for interruptions caused by government decrees, Heineken has [redacted] to Vietnam for decades. In 1990, it captured 60 per cent of the country's imported [redacted] market, [redacted] Tiger accounting for a further 30 per cent.

Vietnam, which is opening up [redacted] investors, [redacted] only [redacted] breweries, [redacted] owned by the state. Lack of supply and low purchasing power [redacted] combined to limit beer sales to 1.2 [redacted], against an average [redacted] in the Netherlands.

The Dutch company has spent two years negotiating the Vietnam deal, and is looking forward to the project with "pioneering spirit", a spokeswoman said.

Heineken generates most of its sales in Europe. The company's [redacted] the regions of Asia [redacted] Australia, while still small as a percentage of the total, showed the strongest growth of any region last year, climbing 27 per cent compared with just 4.5 per cent in Europe. Heineken owns stakes in [redacted] in Indonesia, Malaysia, New [redacted], China and Papau [redacted].

Separately, Heineken confirmed [redacted] report it was considering selling [redacted] of the four breweries owned by El Aguila, its 52 [redacted] Spanish [redacted]iary. The two candidates for [redacted] the smaller of the four and are located in [redacted] and Cordoba.

Chairman announces formation of three subsidiaries

IBM begins restructuring

By Louise Kehoe in San Francisco

INTERNATIONAL [redacted] (IBM) yesterday announced [redacted] subsidiary [redacted] and a [redacted] restructuring as it implemented [redacted] changes in its [redacted].

"This is only the beginning," stressed Mr John Akers, IBM chairman. Ultimately, he aims to redefine the structure of the entire corporation, the largest computer company in the world.

Mr Akers announced the formation of an independent subsidiary company to take over IBM's computer printer operations and another to be responsible for data-storage products.

IBM formed a US subsidiary called Employment Solutions to handle personnel hiring and related services for IBM and potentially other companies.

These units are the "models" for the future structure of IBM's business, said Mr Akers. "Over time" IBM will transform more of its product groups into subsidiary companies, Mr Akers said. In addition, the company will spin off additional administrative services into separate companies, he said.

Providing details of the broad restructuring plans announced last week, Mr Akers announced organisational and management changes in its personal computer, mid-range computer, large systems and technology products businesses, which together represent the bulk of IBM's hardware products.

IBM also [redacted] new [redacted] measurement systems [redacted] IBM [redacted]. "The new organisations will be [redacted] leading edge [redacted] changes," Mr. [redacted] said, "but [redacted] management [redacted] will [redacted] to all of IBM's busi[redacted], making [redacted] autonomous."

"We [redacted] to push [redacted] [of reorganisation] [redacted] can," [redacted] said. The main challenge, he acknowledged, will [redacted] persuade IBM employees to "develop [redacted] conviction [redacted] I have, [redacted] direc[redacted] IBM".

[redacted] busi[redacted] others toward independence. [redacted] changes in [redacted] computer operations, for example, will [redacted] approached [redacted]tively, the personal computer business, is [redacted] be rapidly restructured.

IBM does not anticipate further reductions in its workforce [redacted] result of the organisational changes, beyond the 20,000 job [redacted] already planned for 1992.

"If we are successful; if we gain [redacted] share in 1992 [redacted] out[redacted] the industry modestly, [redacted] will be well balanced in terms of personnel," [redacted] Mr [redacted]. He warned, however, that if [redacted] computer market remains stagnant next year "the full-employment policy [redacted] enjoyed will be on [redacted]."

Details, Page 26

German metals group falls 35%

By Andrew Fisher in Frankfurt

METALLGESELLSCHAFT, the German metals, mining, and engineering group, suffered a [redacted] per cent fall in pre-tax profits [redacted] DM316m ($190m) in [redacted] past financial [redacted] September [redacted], 1991, but [redacted] it hoped for improved [redacted] this year.

[redacted] company, which [redacted] been moving strongly into environmental [redacted] blamed the fall on metal prices, [redacted] worsening automobile market and the [redacted] economy.

Demand for non-ferrous [redacted] grew more slowly than production, while supplies of aluminium and [redacted] Europe also [redacted] market.

The lower profits came [redacted] expansion for [redacted] acquisitions [redacted] German engineering [redacted] Davy of the UK and the larger non-paper [redacted] of Feldmühle Nobel. It also reorganised [redacted] mining [redacted] – held through the Toronto-quoted Metall Mining – leaving it with 14 per cent [redacted] Vancouver-based Teck, 14 per [redacted] in MIM, [redacted] Australian met[redacted] and [redacted] producer, and [redacted] per [redacted] Cominco, [redacted] Canadian mining concern.

Group turnover rose 7 per [redacted] DM21bn last year, with capital spending [redacted] by 40 per [redacted] to DM1.2bn. Much [redacted] increases reflected [redacted] consolidation [redacted] Affinerie, its [redacted]man [redacted] refining operation.

The company said the [redacted] purchase of [redacted] Feldmühle activities from Stora of Sweden would take effect from January 1, [redacted]. Metallgesellschaft will hold 80 per cent and Deutsche Bank and Dresdner Bank 10 per [redacted] each. The businesses [redacted] Buderus (building materials, heating and kitchen equipment, and stainless steel goods), Dynamit Nobel (explosives and plastic), and Stora's industrial ceramics [redacted] engineering plastics division.

The group said the weakness of metal prices and the dollar had continued [redacted] the beginning of [redacted] 1991-92 financial year, with no recovery in sight in the US and UK after the Gulf war. [redacted] of [redacted] European economies was also having [redacted] dampening effect, although German unification had helped some industrial [redacted].

Trading and financial activi[redacted] had experienced [redacted] profits last [redacted] had Metall Mining. Kolbenschmidt, [redacted] quoted motor components subsidiary, felt the impact [redacted] the poorer automobile market in the US, Brazil and [redacted] Europe.

UK-based glassmaker beats expectations and maintains dividend

Pilkington shares rise as profits halve to £51m

By Andrew Bolger in London

SHARES in Pilkington, Europe's [redacted] glassmaker, rose 10p to 121p yesterday in spite of a halving of interim pre-tax profits by the UK-based company to £50.6m [redacted].

[redacted] were better than analysts' expectations and the market was encouraged by the group's decision to maintain an uncovered interim dividend.

However, Pilkington emphasised trading remained difficult. Sir Anthony Pilkington, chairman, said 5,000 jobs were shed worldwide in the past 18 months and this process would continue.

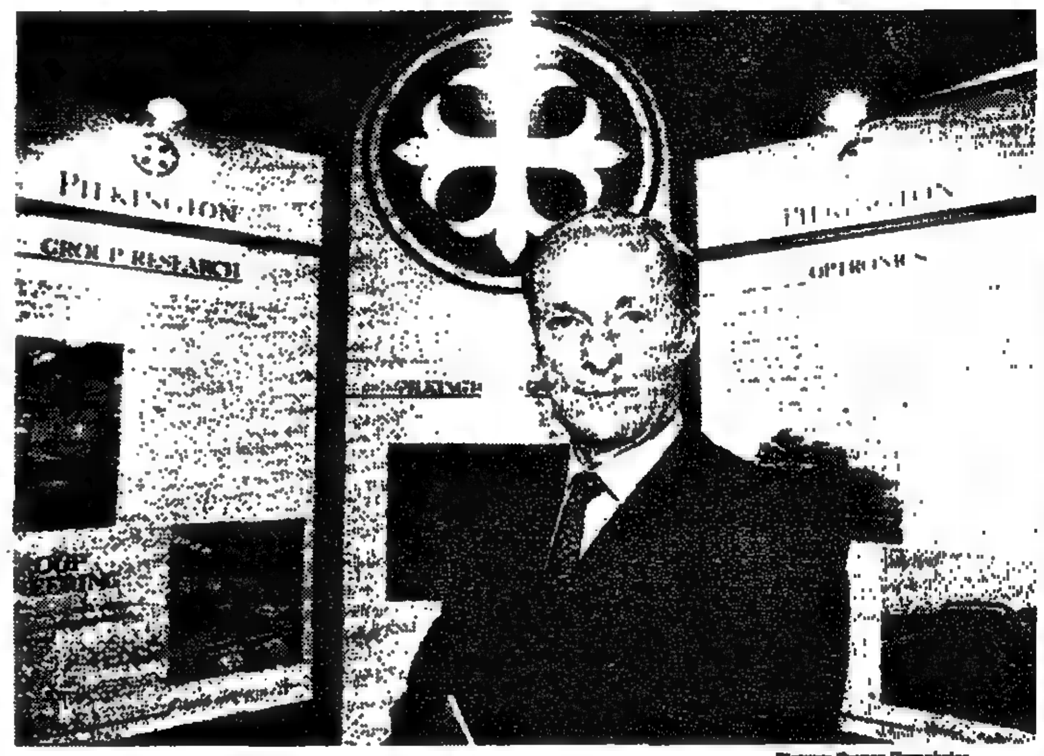
In October the group said it would make a further 750 people redundant at its base in Merseyside, and establish a European headquarters for its glass operations in Brussels.

Group turnover fell £22.5m to £1.33bn in the six months to September 30. Restructuring costs of £4m were taken as an exceptional item. Sales in UK flat and safety glass were hit and trading profits collapsed by £24m, although the group made a small undisclosed return. German sales increased slightly but European operating profits – including the UK – fell from £70.7m to £33.4m.

North American sales were lower and trading profits fell from £15.4m to £6.5m, but in the US increased sales of vehicle glass helped Libbey-Owens-Ford [redacted] last year's [redacted].

Visioncare, [redacted] group's US [redacted] subsidiary, moved [redacted] a second-half loss to profits of £13m compared with £12.2m after cutting 30 per cent of the workforce.

The group's tax charge of £30.4m (£37.8m a year earlier) represents a rate of 60 per cent, compared with 42 per cent at the year-end in March. The group said the higher rate was due to unrelieved Advance Corporation Tax, which could not be recov[redacted] when its [redacted] businesses were under severe pressure.



Picture: Trevor Humphries

Sir Anthony Pilkington, chairman: continuing to cut costs

Sir Anthony said: "With no evi[redacted] of an [redacted] upturn, and uncertainty over the rate of economic recovery, the immediate prospect is one of further [redacted] reduction [redacted] tight control of expenditure."

Capital spending [redacted] likely [redacted] fall [redacted] in [redacted], although spending on research and development rose from £27.8m [redacted] £30.9m in the half-year.

Earnings [redacted] from 7p to 1.6p, but the interim dividend was maintained [redacted].

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GrandMet beats forecasts with 4.8% increase to £963m

By Philip Rawstorne in London

GRAND METROPOLITAN, the international food, drinks and retailing group, beat market forecasts with [redacted] 4.8 per cent increase in pre-tax profits from [redacted] ($1.6bn) [redacted] £963m for [redacted] year ended September 30.

[redacted] translation reduced taxable profits by £28m.

Sir Allen Sheppard, chairman and chief executive, hailing [redacted] results yesterday [redacted] group's all-round business strengths, confidently predicted further progress in 1992 in spite of testing economic conditions.

[redacted] in [redacted] lifting the dividend by 11.3 [redacted] cent to 22.7p with a final payout of 14.3p, closed unchanged on the day at 846p in London.

Sir Allen said the group's business portfolio was [redacted] "in good shape" and growth potential had been improved by recent disposals [redacted] acquisitions. [redacted] organic growth in trading profits during the year had been 10.4 per cent – with growth rates of 16.6 per cent in food and 11.3 per cent in drinks.

Any further acquisitions, he indicated, would be "smaller [redacted]ons" [redacted] towards strengthening the food and drink businesses. "We are not in the business of sudden shocks."

With the top four international drinks groups still controlling only 35 per cent of [redacted] spirits market, the group sees further [redacted]portunities for the friendly [redacted]uisition of brands.

Robust performances by [redacted] food and drinks operations drove overall trading profits 11.7 per cent higher to £990m from £886m. The only disappointment came from Pearle eyecare chain where a 15 per cent fall in sales led to a £7m loss. Sir Allen said the stores had suffered from the US squeeze on consumer spending. "Once the recovery starts, there should be a dramatic swing in the business."

The Inntrepreneur pubs joint venture with Courage lost £22m but Sir Allen said it was "on course" to profitability.

Group borrowings have been reduced from £2.89bn to £2.59bn and gearing, down from 84 per cent to 75 per cent, will be further reduced to 61 per cent by the £400m proceeds from the sale of Express Dairy and Eden Vale.

Sir Allen said the £50m owed to GrandMet by Brent Walker over the sale of William Hill bookmakers had been kept on the books. "Brent Walker does owe us £50m. That's confirmed." He dismissed Brent Walker's claim against the group as "plain nonsense".

Details, Page 31

BAe and Matra group plan space link

By Paul Betts, Aerospace Correspondent

BRITISH [redacted] is negotiating merging [redacted] activities with those of Matra Marconi [redacted], a joint [redacted] between the [redacted] and electronics group and the UK General Electric Company (GEC).

The move reflects BAe's strategy of concentrating on its core [redacted] aircraft, [redacted] and [redacted]struction businesses. The company [redacted] it was reviewing all activities [redacted] its principal businesses when [redacted] launched [redacted] controversial [redacted] ([redacted]) rights issue three months ago.

Negotiations over the company's space activities are also the first tangible sign of [redacted] rapprochement between BAe and GEC, the biggest UK defence contractors.

GEC was seen as [redacted] possible bidder for BAe after the company was shaken by a top management crisis and its flopped rights issue. But GEC subsequently said it had no hostile intentions towards BAe.

In its rights issue document, BAe said its space and regional aircraft businesses operated in sectors needing rationalisation. It said that even before its management crisis, it had been talking to potential partners.

However, negotiations on a rationalisation of the company's [redacted] activities [redacted] more advanced [redacted] on its regional aircraft operations.

BAe, which already had links with [redacted] sector, [redacted] approached by the new [redacted] Space group before the company's recent management upheaval. The talks now appear to have gathered momentum reflecting not only the new BAe rationalisation [redacted] but also growing consolidation of the European space and [redacted] industry around two groups.

GEC decided to pool its Marconi space activities with those of the French Matra group to form Matra Marconi Space company last year. Matra and Marconi are also in advanced negotiations with ANT, the space subsidiary of Bosch of Germany, to join their space group.

Another European space partnership has been formed led by Aerospatiale, the French aerospace company, and Alcatel, the French telecommunications group.

Apart from its negotiations with Matra Marconi Space, BAe is also poised to announce a reorganisation of its defence operations. The company plans to integrate its Royal Ordnance armaments subsidiary with its other defence activities including military aircraft and guided weapons systems.

Tensions over Mirror's future

By Ivo Dawnay, Political Correspondent

[illegible] THE so-called Mirrorgate scandal unravelled further yesterday, Labour MPs had [illegible] least one thing for which [illegible] be truly thankful – Mr Neil Kinnock's tribute to Mr Robert Maxwell [illegible] month had been considerably less effusive than that of the prime minister.

The party leader's ambivalence was understandable. *Relations between the two had* never been close and Mrs Betty Maxwell, the tycoon's widow, had privately [illegible] her dislike [illegible] the man whom her [illegible] so avidly championed.

Despite the public bonhomie, Mr Maxwell's relationship with the party he once represented as MP for Buckingham was always tense. But when he bought the staunchly *pro-Labour Mirror Group from* Reed International in 1984, the majority view was that the party had better make the best of it.

As Mr Tam Dalyell MP, a close if critical friend of the entrepreneur, *put it yesterday*: "The view was: he may be a bastard, but he's our bastard."

For many other party members, however, Mr Maxwell's proprietorship of [illegible] only Labour [illegible] in the tabloid press was a mixed blessing [illegible] worse.

And when Mr Peter Hain, the Labour MP for Neath, rose in the Commons [illegible] to [illegible] that the future of the Daily Mirror was now "in hock [illegible] *City* [illegible] and business tycoons" the silent embarrassment on his own benches was only matched by the ironic jeers from the Tories.

Many have long suspected that Mr Maxwell had always used [illegible] *more effect* than the party had used him. The long-running industrial dispute at his Pergamon publishing company had forced those that wished to drink his champagne at party conferences to cross a picket line.

Moreover, his apparent generosity was, officials now claim, strictly for the cameras.

Shortly after he took over the papers, he had flamboyantly wielded his chequebook to win friends and influence. Speaking from the floor of the *Blackpool conference*, he pledged to match all the contributions from delegates penny for penny. It cost him something over £30,000.

Though he made a similar bravura gesture at the conference *the following* year, the promised cheque never followed.

For Labour now, the future of the Mirror is a matter as urgent as the plight of its pensioners. Stunned MPs are terrified by the prospect that a Tory buyer could break what *is now nearly half a century of* loyalty to their cause.

The Daily Mirror's adoption of the Labour cause began in earnest in 1945 when journalistic giants like Hugh (now Lord) Cudlipp, Richard Crossman (later a Cabinet Minister) and William Connor (the *columnist Cassandra) took up* the paper as the champion of the British serviceman.

The Mirror remains a stalwart bastion to Labour – a crucial symbol of the party's right to a place at the top table *of the media establishment*, and hence, the establishment [illegible] the nation [illegible] large.

[illegible] Mr [illegible] Haines, the [illegible] principal political columnist, underlined yesterday: "Potential buyers should understand that our success and our profits [illegible] traditions and to those who uphold them. Tinker or tamper with those and an asset could disappear overnight."

Yet he also conceded earlier in the same column that he who pays the piper calls the tune. It is ironic that those who played the loyal Labour tune that Mr Maxwell called may now find they have also ended up with the bill.

Robert Peston examines the worrying imbalance between the private companies' assets and their liabilities

Wreckage is likely to claim some victims

AN ANTIQUE fire-engine takes pride of place in the ante-room to the neo-Gothic conference hall at the Chartered Insurance Institute in the City of London.

There was no more appropriate setting for Mr John Talbot, a partner of Arthur Andersen, the accountant, [illegible] spell out *how he intends to rescue what* he can from the wreckage of the Maxwell family's private interests.

He was appointed yesterday as administrator of Headington Investments and Robert Maxwell *Group*, [illegible] companies of the family's private empire.

As such, his job is to recoup as much as possible for all creditors. The main creditors are banks, the Maxwell public companies – Mirror Group Newspapers and Maxwell Communication Corporation – and their pension funds.

The outlook for all of [illegible] bleak. [illegible] creditors [illegible] owed £1.4bn in total, [illegible] which £800m [illegible] owed to [illegible] banks. However, [illegible] by [illegible] banks, advised by Coopers [illegible] Lybrand Deloitte, the accountant, put the respective [illegible] £1.6bn and £900m.

Mr Talbot refused to be drawn on the precise value of the private companies' assets, except to say that they were "significantly less than liabilities". *However, a fortnight ago* the banks were provided with estimates of the net worth of the private empire by Coopers and Bankers Trust, the US bank, which were both working for the Maxwell brothers, Ian and Kevin.

These preliminary figures *may err on the side of optimism*, since the family was trying at the time to make a case for why the companies should be kept out of administration. However, they [illegible] complete picture to date and Mr Talbot will be drawing on them.

There are approximately [illegible] companies within the private empire. Their assets fall into five main categories:

- Shares in Maxwell Communication Corporation;
- *Shares* [illegible] *Mirror Group* N[illegible]
- Property;
- Minority holdings in several companies, such as 10 per cent of Henry Ansbacher, the merchant bank, and 6 per cent of Newspaper Publishing, publisher of The Independent;
- Interests in about a dozen operating companies, notably The European, the ambitious pan-European newspaper, The [illegible] York Daily News, [illegible] US tabloid acquired in March, and the rump of [illegible] the market [illegible] company, most of which was sold in September;
- Mr Robert Maxwell's yacht, the Lady Ghislaine, the corporate airplane and some helicopters.

Bankers Trust told the banks that the operating companies, *freed of all debt*, may be worth £200m. That may be too optimistic, since The European is making losses and probably has a negative value.

[illegible] *Talbot pointed* out that [illegible] had [illegible] "a turnaround" at The Daily News, which was making [illegible] when Mr Maxwell bought it. However, figures are not available to make a meaningful *estimate* of its value.

Nor is it clear whether the administrators will find it easy to sell The *Daily News, following* its decision yesterday to make a Chapter 11 filing under US insolvency law, protecting it from its creditors.

As for the minority holdings, they are probably worth more than £50m *but less than* £100m.

Then there are the properties. The main properties are the Mirror Group offices at Holborn Circus and a separate property in London's Hangar Lane. These were valued in *October at about £140m*. On top of this, there is an office building in Worship Street in the City, probably worth £50m.

The miscellany of vehicles and other assets will be worth a few tens of millions at most. In *other words, the assets* apart from MGN and MCC [illegible] worth £400m at the outside.

So the q[illegible] much creditors will [illegible] hinges to a great extent on the value of MGN and MCC. Mr Talbot [illegible]e *it clear yesterday that* [illegible] would [illegible] sold.

When MCC's shares [illegible] suspended on Monday, [illegible] company had a market value of £226m. The private companies own 68 per [illegible] of MCC, worth £153m *at the suspension* price.

However, the banks have a further 12 per cent of MCC as collateral, which is shares borrowed by the private companies from the pension funds. *Their legal title to these shares* may be disputed by the pension funds – though the banks are convinced that the funds' claim is not strong.

In a sense, any dispute of this sort may be academic. Mr Robert Maxwell's extraction of £700m in cash from both public *companies and their pension* funds has undermined their value.

About £100m has disappeared from MGN itself and at least £240m has been lent by MCC to the private companies. The chances of any of this being repaid appears slim.

The public companies have a separate problem. They will have to make *contributions to* their pension funds, to make good the deficit in those funds – which was caused by the extraction of about £400m from the funds by the private companies.

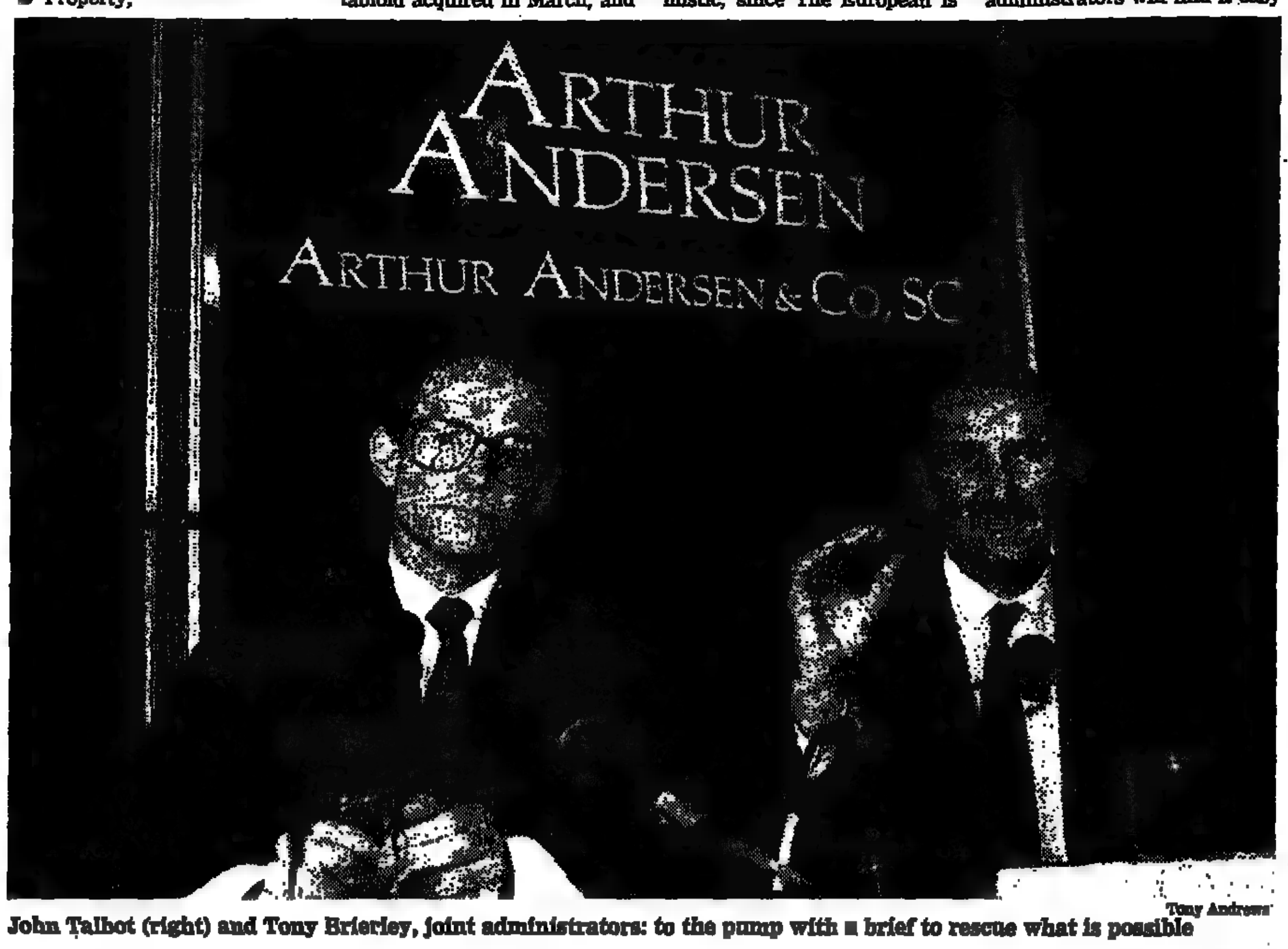
Price Waterhouse, the accountant, is carrying out a detailed evaluation of MCC for its banks, led by Credit Lyonnais and Swiss Bank Corporation. They will not make any decision on the future of MCC until they have received the report. However, they say that [illegible] are intent on keeping it out of administration, since such a move would impair the value of its assets.

Nonetheless bankers say that shares in MCC may be valueless.

On the other hand, MGN may be worth £300m, compared with [illegible] market valuation at the suspension price of £501m. The private companies own 51 [illegible]r cent of this, which would [illegible] worth £153m. In addition, *another 3.5 per cent of MGN* shares, borrowed from the pension funds, are held by banks as collateral.

The bottom line, is that the private companies' assets are unlikely to be worth more than £600m, *on optimistic assumptions*. Given how many new liabilities have been uncovered in the past week, even that figure cannot be trusted. Who knows what skeletons Mr Talbot may unearth?

In other words, yesterday was a bleak day for the banks, who stand to lose at least a third of what they lent to the private companies. The prospects for other creditors, most notably the pension funds, may be hopeless.



Tony Andrews

John Talbot (right) and Tony Brierley, joint administrators: to the pump with a brief to rescue what is possible

US paper files petition for protection

By Alan Friedman [illegible] New York

THE New York Daily News, [illegible] loss-making tab[illegible] paper that was acquired with *much fanfare last March* by Mr Robert Maxwell, yesterday filed a petition for protection under US bankruptcy laws.

[illegible] said the [illegible] taken [illegible] protect [illegible] from [illegible] *administrators of* [illegible] *Maxwell* empire and because the appointment of the [illegible] had [illegible] the paper off [illegible] needed operating funds.

The [illegible] lost \$100m [illegible] in 1990, said its board of directors decided on *the filing during* a meeting held on Wednesday evening. Mr Kevin Maxwell, who succeeded his father as chairman of the New York newspaper, participated in the board meeting by telephone, according to Mr John Campi, a spokesman for The News.

The newspaper said the bankruptcy filing [illegible] made "to protect the Daily News against the uncertainties *involving the Maxwell family's* creditors in England [illegible] from [illegible] debt [illegible] of the family-owned businesses."

While claiming [illegible] it is ahead of its 1991 business plan, the newspaper said it "requires a continuing [illegible] investment [illegible] *funds to* [illegible] operations [illegible] consistent profitability." The present situation in the UK had "cut off the owners' ability to assure that money."

Mr Campi maintained that the Chapter 11 filing means the newspaper cannot be sold by the *UK* [illegible]. He said The News would continue operating under its present management, which will now draw up a revised business plan. A committee of creditors, which management *said* would probably include representatives of the *paper's trade unions, will be* created to oversee the reorganisation.

Mr Campi stressed that the Daily News's pension funds are not affected by the bankruptcy *petition* [illegible] *by the problems* involving the Maxwell business pension funds in the UK. "The funds are intact and the trustee is the Bank of New York," the spokesman said.

Mr Maxwell received a payment of \$60m from the Tribune Company of Chicago when he agreed to take over the Daily News last spring.

Mr James Hoge, the publisher of the newspaper who resigned last July, said at the time of the Maxwell acquisition that the newspaper had suffered losses of \$60m during the [illegible] months of 1991.

The [illegible] acknowledged yesterday [illegible] some [illegible] amount [illegible] from Tribune [illegible] used [illegible] cover an [illegible]nary debit [illegible] severance and buy-out charges.

[illegible] *newspaper's* [illegible] has been [illegible] from the 2,700 employed [illegible] time of [illegible] acquisition [illegible] March.

The newspaper's operating *loss for 1991 should amount to* around \$35m, Mr Campi said, adding that ultimately the net loss for the year would be as little as \$5m or \$8m thanks to the \$60m received from Tribune, which will be used to cover the special charges and operating deficit.

The newspaper also said two Daily News executives were added to the board of Maxwell Newspapers, the holding vehicle that controls the paper. [illegible] are Mr James Willse, editor and [illegible] vice president, [illegible] *Mr Larry Bloom, chief* financial officer.

Mr Campi claimed the newspaper's current sales were [illegible] than 800,000 [illegible] on [illegible] and more than 1m copies on Sundays.

He tried to put [illegible] brave face on events, insisting the newspaper *would not be shut down*. "The Daily News will outlive us all," he claimed.

The European waits for [illegible] of its future

MR IAN Watson, founding [illegible] The European, one of Robert Maxwell's more grandiose creations, did not go to bed on Wednesday night.

It was not Maastricht summit coverage he was worried about. Mr Watson stayed up on the eve of the arrival of Arthur Andersen as [illegible] to the Maxwell private [illegible]nesses, ringing [illegible] he could think [illegible] might [illegible] *interested in saving The European.*

[illegible] The European now survive ? "I very much hope so. I don't see why not. There is so much work went [illegible] this," said Mr Watson, editorial director of the paper.

So far, two tentative expressions of interest have been put forward – one from a large Far East concern and the other from a European group.

The fear [illegible], however, *that today's* (paper could be the last and that The European's views on how *Maastricht* will affect the future of Europe will never be known.

Mr Watson believes that The European [illegible] significant assets to sell – [illegible] *title*, [illegible] pan-European distribution network [illegible]culty and [illegible] circulation [illegible] 230,000 a week.

The European is believed to be losing about £800,000 a month after an *initial* investment of £40m [illegible] £45m, although *losses* [illegible] *coming* down [illegible] a cost-cutting [illegible].

[illegible] present [illegible] plan is budgeting [illegible] £7m [illegible] for [illegible] £4m [illegible] in 1993 [illegible] in [illegible].

[illegible] admit [illegible] *circumstances having* changed so drastically, [illegible] further knife could now be [illegible] try [illegible] ensure [illegible] paper's survival.

The European [illegible] distributed in 42 [illegible] about *100,000* [illegible] *its circulation* [illegible] for by UK sales. [illegible] and Germany are the paper's [illegible] with [illegible] 25,000 [illegible]. *In the US*, the paper claims [illegible] of 17,000 to *18,000 copies*.

When [illegible] Maxwell launched The European in May 1990 [illegible] potential [illegible] with his own personal rallying call, [illegible]ing [illegible] paper to [illegible] *European home* [illegible] everyone could belong.

When Mr [illegible] Maxwell took over, briefly, [illegible] chairman of Mirror Group [illegible] he said [illegible] European would [illegible] fitting memorial for his father.

Unless a dedicated European with deep pockets comes along soon, [illegible] memorial [illegible] long outlive [illegible].

Ray Snoddy

Negotiations for disposal of Headington Inv's 60% of US fund manager [illegible] underway

By Alan Friedman [illegible] New York

NEGOTIATIONS ARE underway to sell the 60 per cent shareholding held by the *Maxwell family's Headington* Investments in London & Bishopsgate International Incorporated (LBII), the New York-based manager of \$600m (£339m) of institutional funds, according to LBII's managing director.

Mr Robert Chender, managing *director and general* counsel of the New York fund manager, said LBII "is in serious negotiations with a potential purchaser in the US".

"We are not at a stage where we have received a bid," but he hoped that a transaction would be completed "in the not too *distant future*", he *revealed*.

Mr Chender disclosed that among LBII's funds are some \$9m from the Maxwell-owned Macmillan group pension fund, a further \$2m from the non-profit-making Macmillan Foundation and \$6m from the pension fund of Official Airlines [illegible] (OAG), [illegible] company [illegible] is [illegible] the Maxwell group's main [illegible] hold[illegible].

He stressed, however, [illegible] these pension funds [illegible] and in [illegible] physical [illegible]*tody* [illegible] Bank.

"The bottom line is that we never touched the money. We are not raiders and we have not been raided. Chase has the money," he said.

Mr Chender also stressed that the Macmillan and OAG funds were the only Maxwell-related funds managed by his company.

He maintained that while LBII was ultimately [illegible] by Headington [illegible] in common with the [illegible] *L*[illegible] & [illegible] "there is [illegible] operating relationship between us".

LBII [illegible] operating in early 198[illegible] after Mr [illegible] purchased Global Analysis Systems, an [illegible] risk analysis company owned by Mr Andrew Smith, the vice chairman of LBII.

Mr Smith and Mr Maxwell decided to transform Global into an investment management group. This induced Mr Smith to relocate to New York in early 1990 and to sever all his ties with London & Bishopsgate of the UK, Mr Chender explained.

Discussions regarding the sale of Headington's 60 per cent stake in LBII, which employs 50 people, began early in 1991.

Mr Chender maintained that the final decision to sell the shareholding was [illegible] last August.

[illegible] agreed with [illegible] Maxwell that the stake would be sold for two reasons.

"We were interested in getting involved with a financial group that would provide us with a better fit than a media company and Mr Maxwell decided to pare down his non-media holdings," Mr Chender explained.

The LBII executive said he did not believe the fund manager would be affected by the appointment *of UK administrators*.

"My understanding is that nothing changes for us. We are already for sale."

He added that the 40 per cent minority shareholding in LBII would continue to be owned by the company's management.

While LBII would not disclose the names of its clients, Mr Chender revealed that they included large US public pension funds, offshore mutual funds and large Canadian companies.

The Maxwell [illegible] controls its 60 [illegible] cent stake in LBII through the London-based Headington Investments, which in turn owns the [illegible] indirectly through London & Bishopsgate Holdings North America Limited, a UK holding vehicle.

This UK vehicle in turn controls the Delaware-based London & Bishopsgate Holdings North America Incorporated, the company that owns the direct stake in LBII in New York.

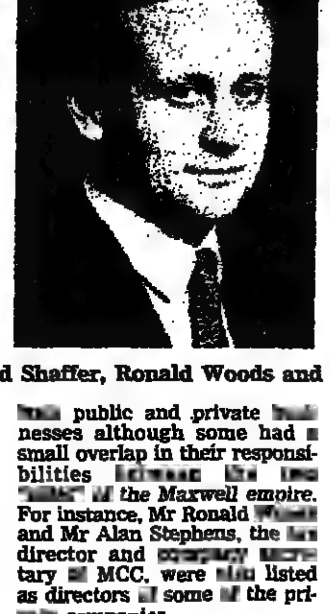
In Connecticut, Macmillan, the publishing group that together with Official Airlines Guide accounts for some 90 per cent of Maxwell Communication Corporation's group operating profits, said it could not disclose the size of its pension fund.

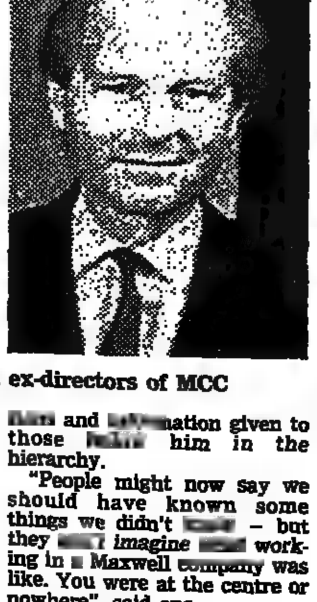
But Macmillan said the company's pension fund remained intact.

Mr David Shaffer, the Macmillan president who was this week named chief executive of Maxwell Communication Corporation, arrived in London yesterday morning for *discussions with the Maxwell family*.

He was accompanied by Ms Susan Aldrich, *Macmillan's* chief financial officer.

Network of financial responsibility broke down after resignations



Jean-Pierre Anselmini, David Shaffer, Ronald Woods and Robert Maxwell: directors and ex-directors of MCC

DIRECTORS and former directors of Maxwell companies [illegible] from early [illegible] they became less and less convinced they had full information on *the financial* and *treasury* functions for which they were responsible.

In the past [illegible] hours [illegible] been revealed that around [illegible] has been drained from the public companies Mirror Group Newspapers and Maxwell Communication Corpora[illegible] and from their pension funds. [illegible] that appears [illegible] have [illegible] drawn sin[illegible] the [illegible] knowledge [illegible] boards.

The questions [illegible] how that much [illegible] drained [illegible] where it [illegible] remains [illegible] mystery. The [illegible] – *if* [illegible] can be answered by [illegible] than Mr [illegible] Maxwell – may possibly emerge [illegible] bankers, administrators, *his sons* Kevin and Ian, and with the central [illegible] directors and treasurers that [illegible] employed to manage the [illegible] his companies.

Nevertheless, [illegible] picture that can be uncovered from past and current employees, in both financial and managerial roles, confirms the first impressions from bankers and audi[illegible] now investigating [illegible] treasury and finance functions, especially for the private [illegible]panies, became increasingly complicated during 1991.

[illegible] in [illegible] present employees [illegible] the experience of working with Maxwell are remarkably similar. Many senior employees of *Maxwell* companies, both from managerial and financial operation, [illegible] that Mr Robert Maxwell generally worked extremely closely with his [illegible] Kevin, who was chief executive of MCC, and to *lesser* extent *with his son Ian. All three* tended to be directors of the private companies. The two sons have said, however, that their father operated on a "need to know" *basis* and that they did not know the whole picture.

Beyond the trio, the roles of finance and treasury directors and managers tended [illegible] be confined to one of other of the public companies (MGN was part [illegible] the private Maxwell [illegible] until May 1991), [illegible] to the private companies.

[illegible] and [illegible]ers did swap from one [illegible] another within the empire, [illegible] any one time they appeared [illegible] have more [illegible] clear cut functions. Directors were [illegible] usually deeply involved with [illegible] public and private [illegible]nesses although some had [illegible] small overlap in their responsibilities [illegible] *the Maxwell empire*. For instance, Mr Ronald [illegible] and Mr Alan Stephens, the [illegible] director and [illegible]tary [illegible] MCC, were [illegible] listed as directors [illegible] some [illegible] the pri[illegible] companies.

Several [illegible] closely with [illegible] within public and private [illegible]panies have commented that *Robert* [illegible] had an [illegible] favourites among [illegible] managers [illegible] directors.

If an employee disagreed with Mr Maxwell he would [illegible]idly be "frozen out" [illegible] this inner circle, [illegible] find instruc[illegible] and [illegible]ation given to those [illegible] him in the hierarchy.

"People might now say we should have known some things we didn't [illegible] – but they [illegible] *imagine* [illegible] working in [illegible] Maxwell [illegible] was like. You were at the centre or nowhere", said one.

That kind [illegible] complaint seems to date from this year, *when, according to the picture* the auditors and bankers are now building, the flows of cash became larger and harder to track.

A [illegible] before, [illegible] atmosphere appears to have been different. Mr Reg [illegible] finance director until July 1990, says that from his point of view, "things were maintained in an orderly fashion" *while he was there*, an opinion strongly shared by several other directors and former employees.

If internal [illegible] did become [illegible] orderly, what could have been the [illegible] Mr *Mogg's departure was followed* by several longstanding senior employees. Taken together, the absences could be argued t[illegible] the central *management functions*.

In February 1991 , Mr Richard Baker, deputy managing [illegible] of MCC, took early retirement. He had been responsible for merge[illegible] and acquisitions, and had [illegible] with the group for nearly 23 years.

His role was taken by Mr Jean-Pierre Anselmini, who was also deputy chairman of MCC, but he then left in October 1991. *Others have said that* he gradually became more distant from central finance operations during 1991.

The posts were generally replaced from appointments inside the group.

While Mr Robert Maxwell tried to bring in Mr Peter Walker, MP and director of brokers Smith New Court as chairman of MCC, Mr Walker decided *not* to take up the post in the summer this year, around a month *after the* announcement of his appointment, because MCC was mainly a US company and it made sense to manage it from there.

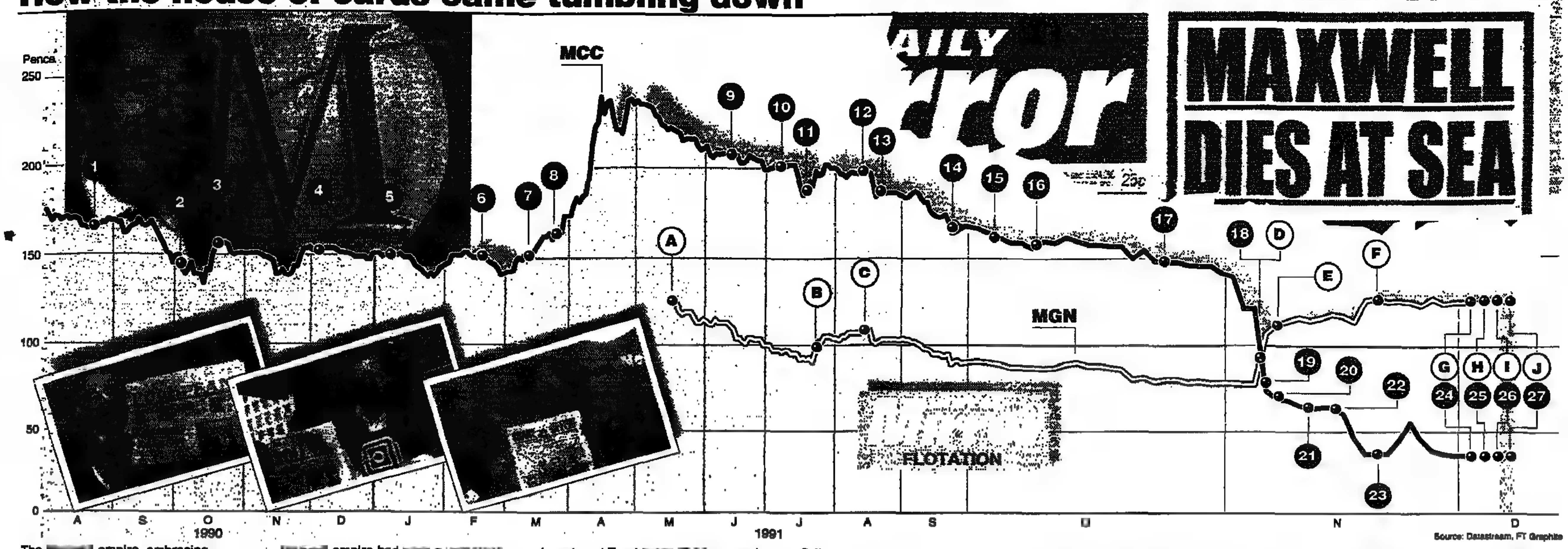
The mechanisms of how so much money was moved around – and how so much appeared to disappear – will occupy *the auditors* and bankers for weeks, if not months. Solving the mystery of where it has gone will help answer the question of how exactly it got there.

Bronwen Maddox

هكذا من الأصل

COLLAPSE OF THE MAXWELL EMPIRE

How the house of cards came tumbling down



The [redacted] empire, embracing newspapers and publishing houses, football clubs [redacted] yachts, has collapsed with dizzying speed [redacted] Mr [redacted] Maxwell [redacted] at [redacted] on November [redacted]

Yet for [redacted] Maxwell watchers had [redacted] tracking with increasing concern a series [redacted] his financial transactions. These involved both his public companies, Maxwell Communication Corporation and Mirror *Group Newspapers*, [redacted] *in May*, [redacted] private companies. Their purpose [redacted] not always [redacted] had [redacted] dramatic impact [redacted] the [redacted] prices [redacted] two companies.

Shortly [redacted] the MGN flotation, the pace [redacted] deals began picking up, reaching a frenzy [redacted] activity shortly before [redacted] death. Only now [redacted] some [redacted] coming [redacted] light, involving [redacted] transfer [redacted] *assets* [redacted] *company pension* [redacted] large [redacted] from [redacted] public [redacted] private companies, ballooning debts and mortgages [redacted] virtually every Maxwell [redacted]

The central mystery is why the [redacted] empire had [redacted] appetite for [redacted] Where [redacted] has gone [redacted] question which will take months to unravel. Indeed, [redacted] picture may never [redacted] fully drawn.

Key [redacted] the summer [redacted] 1990 include:

MAXWELL COMMUNICATION CORP

■ **1:** Aug [redacted] Robert Maxwell acquires 15.7m shares in MCC, taking *family* [redacted]

■ **2:** [redacted] MCC [redacted] disposals to [redacted]

■ [redacted] 18: [redacted] non-strategic assets [redacted] short-term [redacted] repayment

■ [redacted] Exercise [redacted] put option [redacted] 15.65m ordinary [redacted] party. [redacted] in [redacted] 30.4 per [redacted]

■ **5:** [redacted] Bishopsgate Investment *Trust*, a [redacted] *family* [redacted] and R [redacted] sell European put option [redacted] maximum [redacted] MCC shares, [redacted] price 152p, expires February 15

■ **6:** Feb 19: Put option [redacted] 30m ordinary shares.Bishopsgate Investment Trust [redacted] cent [redacted] on behalf of [redacted] Foundation

● **7:** [redacted] Maxwell wins control [redacted] New York Daily [redacted]

● **8:** [redacted] Mr R [redacted] relinquish [redacted] chairmanship. Mr [redacted] Maxwell [redacted] executive. Mr [redacted] Walker [redacted] subsequently [redacted] post. Conditional [redacted] Pergamon [redacted] to Elsevier [redacted] £440m [redacted]

■ [redacted] 14: *Preliminary* [redacted] *for* year [redacted] 31; pre-tax profits [redacted] by 5%; dividend maintained [redacted] 15p

■ **10:** July 4: Maxwell [redacted] for First Tokyo [redacted] Trust

● **11:** July [redacted] Board [redacted] demerger plan for North American [redacted] managed [redacted]

■ [redacted] *Aug 14: Goldman Sachs*, [redacted] investment banker, acquired as security interest [redacted] 1991; [redacted] 7.5 per [redacted]

■ [redacted] Aug [redacted] Maxwell family [redacted] money through [redacted] Scitex.

■ **14:** Sept [redacted] Maxwell [redacted] MTV [redacted]

● **15:** [redacted] 4: Mr Jean-Pierre Anselmini resigns [redacted] deputy chairman [redacted] MCC.

■ **16:** [redacted] 7: Disposal [redacted] directories business [redacted] Macmillan Inc, part [redacted] Publishing Inc for [redacted] in [redacted]

■ **17:** [redacted] Davies, Daily Mirror foreign editor, [redacted] arms trading allegations.

● **18,D:** [redacted] *Mr* [redacted] reported missing [redacted] sea. Kevin [redacted] appointed acting chairman. Temporary suspension of [redacted] listing

■ [redacted] 7: Statement by Mr Kevin [redacted] and Mr Ian Maxwell; [redacted] support family operations. Letter [redacted] intent signed by MacMillan Inc [redacted] Fukutake Publishing [redacted] Restoration [redacted] listing [redacted] *speculation* [redacted] approximately £1.4bn.

■ **20:** [redacted] 10: [redacted] buried.

■ **21:** Nov 12: Agreement [redacted] MacMillan Computer Publishing [redacted] Paramount Communications Inc for £157.5m.

■ [redacted] Nov 15: Citibank [redacted] transferred [redacted] ordinary [redacted] from Bishopsgate Investment Trust [redacted] Nominees Ltd, [redacted] companies..

● **23:** [redacted] 18: [redacted] investigates First Tokyo.

MIRROR GROUP NEWSPAPERS

■ **A:** May 16: [redacted] floated

■ **B:** July 24: Good interim results

■ [redacted] Aug 14, 1991: Goldman [redacted] acquires [redacted] security [redacted] ordinary [redacted] on August 5; [redacted] per cent

■ [redacted] Nov 5: Maxwell reported missing [redacted] sea. Temporary suspension [redacted] listing

● [redacted] 7: Mr Ian [redacted] appointed as chairman.

● **F:** [redacted] : Goldman [redacted] reduces [redacted]

[redacted] both companies:

● **24,G:** [redacted] 2: MGN and [redacted] shares suspended "pending [redacted] family companies' financial position [redacted] on [redacted] public companies". Market speculation about problems with MGN and [redacted] pension funds. Bankers indicate [redacted] of private companies [redacted] more [redacted] £1bn. Maxwell executives confirm auditors checking pension funds.

■ **25,H:** [redacted] 3: Kevin and Ian [redacted] resign from MGN [redacted] MCC boards. [redacted] say [redacted] private companies owe about [redacted] MGN and [redacted] and [redacted] companies' pension funds. Department of Trade [redacted] Industry examining [redacted] recently [redacted] October.

■ **26,I:** Dec 4: [redacted] Fraud [redacted] investigates MGN and [redacted] pension funds. Bankers say [redacted] Maxwell company [redacted] MGN [redacted] and their pension funds [redacted] than £700m plus £900m [redacted]

● **27,J:** [redacted] 5: Administrators appointed [redacted] private Maxwell companies. Family's 51 per [redacted] in MGN [redacted] 68 per cent in [redacted] plus other [redacted] sold.

Breathing space provided by administration

ADMINISTRATION, into which Headington Investments and Robert Maxwell Group passed yesterday, will give the two companies three months [redacted] the [redacted] of Arthur Andersen [redacted] put together proposals for their creditors' approval.

The procedure, which was only introduced five years ago, [redacted] still a [redacted] rare option for insolvent companies, but is rapidly growing in popularity.

A company to be placed in administration is normally insolvent, so that either its liabilities exceed its assets, or it is unable to pay its debts for other reasons, such as inadequate cash flow.

The directors have to give a reason to justify administration, which could be the prospect of saving all or parts of the business; a better realisation of assets than could be achieved if it was wound up; or the development of a "scheme of arrangement" for creditors' approval.

If the judge [redacted] the petition, the insolvency practitioners, who are appointed personally, [redacted] administrators. The administration order protects the company from [redacted]

The administrators take [redacted] management [redacted] the company, and [redacted] months to [redacted] a formal proposal, which must then be [redacted] on by [redacted]

[redacted] administration fails, the *other likely options are administrative* receivership, requested by the creditors, or liquidation, called [redacted] either the [redacted] or [redacted] courts, which will lead [redacted] the [redacted] of [redacted]

Men behind Headington's closed doors

SOME INSOLVENCY insiders [redacted] yesterday's appointment of Arthur Andersen as administrators to the two Maxwell companies as the firm's initiation into the top league of practitioners.

Andersen is a relatively recent entrant into insolvency in the UK, with a practice launched 10 years ago which has increasingly attempted to concentrate on corporate [redacted] rather than liquidations.

Although it was the sixth-largest UK accountancy firm according to fee income – [redacted] £269m in the year to 31 March 1991 – it is only the seventh by insolvency fees, which [redacted] £12.3m are [redacted] half the level of the next firm.

The Andersen staff has a reputation for low-profile, serious, high-quality technical work which is reflected in its [redacted] of the four joint administrators for Headington Investments and Robert Maxwell Group. All but Mr John Talbot, the senior insolvency partner, are home-grown [redacted] the [redacted]

■ John Talbot: Head [redacted] Andersen's corporate recovery practice, born in 1949. Ranked among the top insolvency practitioners in the country, but carries a far lower profile than some of his bumptious counterparts in other firms. A serious and quiet man with very good technical skills, he tends to [redacted] publicity.

He worked in the Midlands [redacted] a company [redacted] and [redacted] an [redacted] with Spicer & Pegler before joining Arthur Andersen in their Bir[redacted] office in 1983. He is a collector of [redacted] art, [redacted] board [redacted] of [redacted] English National Ballet.

He has previously wor[redacted] on receiverships including Turiff Corporation, Norfolk House Group, Michael [redacted] and Broadwell Land.

■ Martin [redacted] command, born in 1954 in south Wales. He joined Andersen in 1975 after [redacted] degree in [redacted] from Leeds [redacted]

Specialised in oil and con[redacted] work, [redacted] joining the insolvency [redacted] in 1982, where [redacted] appointed [redacted] partner in [redacted]

A [redacted] bridge player [redacted] opera enthusiast.

■ Tony Brierley: [redacted] 1952. [redacted] Andersen's Manchester [redacted] in 1974 [redacted] studying [redacted] at [redacted] University.

Specialised in investigations and insolvency [redacted] and made [redacted] partner in [redacted] golf among his recreations.

■ Murdoch McKillop: [redacted] in Glasgow in 1947. Joined [redacted] in 1971 after [redacted] degree in [redacted] and accountancy at Strathclyde University. Made [redacted] partner in 1984.

[redacted] arm [redacted] the insolvency practice, and [redacted] his time [redacted] London and Scotland. [redacted] sailor.

Andrew Jack

Government to restrict pension fund investment

THE government said yesterday that [redacted] to limit the ability [redacted] trustees [redacted] pension funds [redacted] invest capital in the [redacted] which own them will be tabled shortly.

With the [redacted] the MGN fund unabated in the Commons, officials of the Social Security department insisted [redacted] an as-yet unacti[redacted] clause in the 1990 Social Security [redacted] would come into force [redacted] soon as [redacted] necessary procedures [redacted] been completed.

Under the provision, the [redacted] amount in any fund allowed [redacted] be put back [redacted] the controlling [redacted] would be fixed at [redacted] per cent [redacted] the total [redacted] But the department said last night that it [redacted] not yet possible to give [redacted] as [redacted] when [redacted] could [redacted] brought into force.

The delay in enforcing the clause [redacted] provoke fresh [redacted] from [redacted] But officials [redacted] the [redacted]-ranging ramifications of enacting the clause meant that full [redacted] were needed [redacted] the pensions industry.

"You don't [redacted] bull-headed [redacted] a complex [redacted] like this," an official said.

A study of the [redacted] of "self-investment" by pen[redacted] funds [redacted] commissioned by the Department from Ernst [redacted] Young [redacted] year and reported on May 3. It is currently being examined by the Occupational Pensions Board.

Last night Ms Marjorie Mowlam, Labour's City spokesman, [redacted] that [redacted]ment of the clause would not [redacted] put the [redacted] pensioners and [redacted] rest. [redacted] restraints on self-investment were confined only to [redacted] securities and did [redacted] cover unquoted shares [redacted] investments, she claimed.

"The loopholes in the draft legislation are very great and represent a minimalist step. If we are serious about protecting the interests [redacted] holders we need to go further," she said.

Ms Mowlam went on to add that the [redacted] failure [redacted] question time to give any [redacted] commitment [redacted] new measures to safeguard pen[redacted] was "grossly inadequate".

Ivo Dawnay

Mr Ian Maxwell, the former chairman [redacted] MGN, [redacted] with [redacted] rest [redacted] the board from Bishopsgate Investment Management which [redacted] over half MGN's [redacted] pension fund [redacted] discussions with IMRO, [redacted] fund [redacted] industry watchdog, writes Richard Gourlay.

Mr Maxwell was chairman [redacted] MGN until Tuesday and also a [redacted] Mirror Group Pension Trust with his father, [redacted] Robert Maxwell and brother Mr [redacted] the former chairman of Maxwell Communication Corporation.

A trustee [redacted] the MGN pension fund [redacted] first [redacted] problems [redacted] days [redacted] Mr [redacted] Maxwell died on [redacted] 5. Mr [redacted] Wilson, welcomed [redacted]

"It's not possibile [redacted] say [redacted] extent [redacted] the funds missing .. certainly [redacted] been moved from the pension fund [redacted] authority."

Cabinet orders an examination of further measures to prevent abuse of pension funds

MR John Major, [redacted] prime minister, refused to comment in the Commons yesterday on the actions of the trustees of the pension funds which have incurred potential losses in excess of £400m on loans to the Maxwell family's private companies.

Earlier the events since the death of Mr Robert Maxwell were the subject of a report to the Cabinet and an examination was ordered into possible further measures to prevent the abuse of pension funds.

During rowdy exchanges in *the Commons*, Mr David Nicholson (C Taunton) accused Labour MPs [redacted] shedding "crocodile [redacted] over what had occurred.

He urged the prime minister to launch the earliest possible inquiry into [redacted] peoples' pen[redacted] protected by prominent Labour Party members who were directors and [redacted] the MGN pension fund.

Mr Major replied that [redacted] would not be appropriate for him [redacted] comment on individu[redacted] pension fund.

[redacted] that [redacted] management [redacted] pension funds [redacted] based [redacted] trust law, he [redacted] the [redacted] of trustees as "paramount".

The prime minister said that *steps already taken* [redacted] strengthen [redacted] had required [redacted] sion funds [redacted] disclose more information to their members, as well as to pensioners and [redacted] unions.

Mr Winston Churchill [redacted] Davyhulme) said [redacted] it was quite unacceptable that pensioners should [redacted] defrauded [redacted] for which they had contributed throughout their entire working lives, as was the case with pensioners [redacted] Mirror Group Newspapers.

Mr Churchill angered Labour MPs by urging the prime minister [redacted] commiserate with Mr Neil Kinnock,the Labour leader, at the fact that his, and his party's, principal supporter should "turn out to be a crook".

Mr Major said he was unable to comment on MGN's pension fund because it was under examination by the Serious Fraud Office.

After reminding the [redacted] that the government had "greatly tightened" the protection [redacted] pension [redacted] over recent years he said: "Nothing, [redacted] course, can be complete proof against criminality".

Tory MPs jeered Mr [redacted] Hain (Lab, Neath) when he [redacted] the future [redacted] Daily Mirror [redacted] now "in hock [redacted] City spivs and business tycoons".

He asked if the prime minister agreed that citizens' rights were best protected by pluralistic ownership of the press, or did [redacted] want [redacted] paper to be a supporter of the [redacted] party?

Mr David [redacted] (C Dover) [redacted] if the official government solicitor "could [redacted] in, [redacted] the [redacted] of [redacted] fund, who have [redacted] to be totally useless, and [redacted] world-wide freezing [redacted] on all the assets and money [redacted] the Maxwell family [redacted] companies and [redacted] Maxwell family companies [redacted]

He [redacted] urged foreign [redacted] Douglas Hurd or Chancellor *Norman Lamont* [redacted] *comment* on "the [redacted] amount [redacted] income tax and capital [redacted] that [redacted] UK [redacted] been [redacted] by means [redacted] the [redacted] family trust that [redacted] managed [redacted] years in other people's money, [redacted] tax, and the British taxpayer has [redacted] millions [redacted] *pounds*."

Mr Major [redacted] refused to comment [redacted] affecting MGN.

Ivor Owen

Family may become a riches-to-rags story

ON Wednesday evening Mr Kevin Maxwell, chairman of the Robert M[redacted] Group, was planning to fly to New York in the company Gulfstream jet to visit the Daily Post. Scandal followed scandal so [redacted] that the trip never happened. Now it seems unlikely that it ever will – [redacted] least on the luxurious jet, call sign GO-VIP – which Kevin's father, Robert Maxwell, used to rampage around the [redacted] in search of deals and influence.

The aircraft, the helicopter used *to get to it and* [redacted] *range* of businesses in which the family had [redacted] financial stake are now all under [redacted] control [redacted] John Talbot, the administrator from Arthur Andersen.

The pile of private interests includes the lease of Headington Hill Hall, [redacted] Maxwell family home. The large yellow brick and [redacted] Victorian mansion, outbuildings, [redacted] fifteen acres [redacted] land is leased by [redacted] City Council to a Maxwell company PHL Estates Ltd and is managed by a Maxwell holding company, Headington Investments. The [redacted] 99-year recurring lease was originally granted in 1978 to Pergamon Press, another Maxwell company, which was sold off last [redacted]

[redacted] council said last night [redacted] if Headington Hill Hall was put [redacted] receivership, [redacted] would [redacted] gain permission from [redacted] council [redacted] a reassignment [redacted] the property before attempting to real[redacted] its value.

It would not comment on [redacted] current value of [redacted] remaining lease, but one leading [redacted] agent estimated that the buildings and the grounds together could be worth at least £1m.

When Mr Talbot has finished his work realising assets to try to pay off the pressing debts there may be very little left for Kevin and Ian Maxwell and the rest of the Maxwell family.

The view of one former senior executive, however, was that the Maxwell family will not come out of the crisis poverty stricken. He said: "Private financial arrangements involving the Maxwell family [redacted] always [redacted] very complex . . . I would imagine that [redacted] the years, reasonable [redacted] has [redacted]abled the chil[redacted] to [redacted] investments in private [redacted] that could continue [redacted] generate income."

[redacted] children, Ian and Kevin clearly have the [redacted] to [redacted] as they were the [redacted] intimately linked to their father's [redacted]s empire. However, their precise earnings from this link is impossible to quantify with precision.

The companies in which one or other of the brothers earned substantial salaries as senior executives include the two key companies in the Maxwell family empire, Headington Investments and Robert Maxwell Group – now under administration – and the two public companies, Mirror Group Newspapers and Maxwell Communication Corporation, [redacted] ownership now [redacted] likely [redacted] change.

[redacted] published [redacted] show that the highest paid salaries of members of the board ranged from £160,000 [redacted] per annum. The prospectus for Mirror Group Newspapers published earlier this year states that the remuneration of its directors shall not exceed in aggregate the sum of £250,000 per annum "or such greater sum as the Company may by ordinary resolution from time to time determine".

The decline in the personal fortune of Mr Kevin and Mr Ian Maxwell was symbolised this week when they left the plush ninth floor where Robert Maxwell once held court and where his butler Joseph still dispenses gin and tonics. The office with the enormous desk and chair is untouched and is still called "RM's office".

Kevin and Ian have had to leave all that behind and are now on the sixth floor – the home of the private companies. Since their *resignations on Tuesday* as chairman and chief executive of Maxwell Communication Corporation (Kevin) and Mirror Group Newspapers (Ian) because of conflicts of interest, it is believed Chinese walls have [redacted] down. Neither brother [redacted] MGN decision making [redacted]

For [redacted] time [redacted] and Ian Maxwell will be busy helping the administrator and [redacted]ous Fraud Office over the [redacted]gled financial [redacted] by their father. [redacted] sorry [redacted] run [redacted] course it is possible that they could be unemployed, although it [redacted] unlikely they will be completely impoverished.

[redacted] their [redacted] death a month ago they have fought the bush fires that [redacted] broken [redacted] in his network [redacted]nected businesses but they [redacted] apparently been ungulfed by them. The rest [redacted] Max[redacted] family have maintained a low profile throughout, but they [redacted] unlikely [redacted] remain untouched by the financial fall-out [redacted]'s crisis.

[redacted] Maxwell child, Anne, is [redacted] teacher. The [redacted] son Philip is a physicist. Two twin daughters Christine and [redacted] are [redacted] married and [redacted] working for Maxwell subsidiaries in the US. The only unmarried child [redacted]laine, the most glamorous, best known and youngest of [redacted] daughters.

[redacted] Ghislaine, with the blessing [redacted] father, [redacted] up Maxwell Corporate Gifts, [redacted] corporate gift [redacted] which published catalogues and sold [redacted] ranging from pocket diaries [redacted] photograph frames. Ghislaine [redacted] in public since her [redacted] funeral, and yesterday [redacted] telephone [redacted] her London [redacted] went [redacted]

Mr Robert Maxwell often boasted that [redacted] children would [redacted] own way of [redacted] and "would [redacted] inherit a penny". It [redacted] unlikely, however, that he could have [redacted] the manner in which his family would have [redacted] the consequences [redacted] business practices. The Maxwell family [redacted] was once a rags-to-riches story. [redacted] the prospect is [redacted] a tale bordering more on [redacted]

Jimmy Burns and Raymond Snoddy

Happy days: Robert Maxwell with his wife Betty (centre), son Kevin (chairman [redacted] the Robert Maxwell Group) and daughters Anne and Isabel

Deutsche Bank operating profits climb to DM5.2bn

By David Waller in [illegible]

DEUTSCHE Bank, Germany's largest bank, yesterday *reported group operating* profits [illegible] DM5.2bn *($3.25bn) in the first 10 months* of the [illegible]

This [illegible] a 21.7 per cent improvement when [illegible]pared with the previous corresponding period on an annualised basis.

Mr Hilmar Kopper, the bank's [illegible] executive, said the bank would be able to [illegible] a "good result" for the full year.

The result was broadly in line with analysts' expectations and shows the [illegible] to which Germany's banking [illegible] so [illegible] immune from the profit downturn afflicting industrial companies.

The result reflects relatively high interest rates in Germany and buoyant demand for credit from industry and private customers.

Mr Kopper said the growth was driven by all the bank's main *earnings* areas, but the majority of the increase came *from a strong rise* in interest income. This climbed by 15.3 [illegible] DM8.7bn [illegible] 10 months.

An important contribution to the result came from the bank's account trading activities. Partial operating profits, which are calculated before the trading result, grew by only 9.1 per cent to DM4.1bn for the 10 months. Staff [illegible] other operating [illegible] rose by a total [illegible] 14.1 per cent for the group, reflecting [illegible] associated with the bank's aggres[illegible] expansion into eastern Germany. This [illegible] pronounced [illegible] the parent bank where [illegible] climbed by [illegible] and operating [illegible] 28.1 [illegible] cent.

Commenting [illegible] bank's exposure to the repayment crisis in [illegible] Soviet Union, Mr Kopper insisted the bank's total exposure [illegible] considerably [illegible] than the DM5bn *frequently cited* by analysts. He declined to give an exact figure, but said the bank's uninsured exposure was less than it had been to Brazil in 1982, which was about DM1.4bn.

Deutsche Bank has made provisions of 65 to 70 per [illegible] against the uninsured Soviet exposure; Mr Kopper said a decision whether to increase this further would be taken later in the year.

Group credit volume rose by 7 per cent to DM292.5bn. Lending [illegible] corporate customers increased by DM11.1bn to DM144.9bn, while private customer borrowing rose by DM5.5bn [illegible] DM91.7bn.

Net commission income for the group rose by 4.2 per cent to DM3.1bn. Deutsche Bank said that excluding the cost incurred by the branches in the eastern part of Germany the increase in staff operating expenses was 9.8 per cent for the group and *9.2* per cent for the parent company.

Rank sells motorway services

[illegible] Andrew Bolger

MOTORWAY [illegible] areas [illegible] Knutsford are providing an unusual [illegible] back into [illegible] corporate limelight for Mr Michael Guthrie, one [illegible] *City's* high-fliers [illegible]

Mr Guthrie, former chairman [illegible] of Mecca *Leisure, is leading* a £90m ($153m) buy-in to [illegible]quire 11 motorway and trunk [illegible] from [illegible] Organisation, [illegible] UK's [illegible] leisure group.

Mr Guthrie built Mecca [illegible] biggest leisure-only company following a [illegible] buy-out from Grand Metropolitan in [illegible]

However, the group over-borrowed [illegible] buy the larger [illegible] Group [illegible] and [illegible] Mecca [illegible]bed to a hostile [illegible] bid from Rank after Mr Guthrie unexpectedly [illegible] into hospital. A fully [illegible] Mr Guthrie, 50, said yesterday that he was looking forward to working with existing staff at the [illegible] to raise standards.

Mr Guthrie is still deciding on [illegible] *name for the chain*, but plans [illegible] improve the eating environment and shops at the service areas by investing up to [illegible] two years and more aggressive management.

Rank said the business was sound, but *was not at the core* of its [illegible]

It also noted the government's pledge in its *Citizen's Charter* to deregulate [illegible] licensing system which limits [illegible] number [illegible]

[illegible] *Department* of [illegible] said it was intended that there should be a motorway service station every 30 miles.

"At [illegible] you could [illegible] from [illegible] Channel tunnel to Birmingham without passing [illegible] service station, depending [illegible] which bit of the M25 you used."

[illegible] service areas involved are [illegible] Aust, Cardiff and [illegible] on [illegible] M4; Forton, Hilton Park and Knutsford on the M6; Anderton [illegible] the M61; and Farthing Corner on the M2. The trunk *road service areas* are at Scotch Corner and Newark on *the A1, and Bangor on the A55.*

All sell fuel and have restaurants and shops, and eight provide overnight *accommodation.*

The buy-in [illegible] by [illegible] being provided by [illegible] investing through the Candover 1989 Fund and by *CINVen.*

Bank debt is being arranged by Bank of Scotland and underwritten by Bank of Scotland and Barclays Bank. Mezzanine finance of £17m is being provided by Intermediate Capital Group.

Rank will receive £85m in cash for the chain, which is the fourth largest operator of motorway service areas in the UK and made operating profits of £7.9m on sales of £100m in the year to October 31.

Rank will also receive £4m in preference shares, a small payment for working capital and will retain a 5 per cent stake in the business.

Buoyant Baltica improves to DKr849m

Hilary Barnes in Copenhagen

BALTICA Holding, which heads the Baltica insurance and financial services group, yesterday announced a DKr849m ($136.9m) net profit for the first nine months of the year, compared with a loss of DKr710m in the previous corresponding period.

The pre-tax result was virtually unchanged at DKr606m and group net capital was reduced from DKr8.61bn to DKr8.07bn.

The group forecast a whole-year result giving a net profit equal to the current market return on capital, which analysts interpreted as a profit of DKr800m to DKr900m.

In 1990, the group reported a loss of DKr2.4bn which [illegible] mainly a reflection of lower values for in[illegible] abroad and substantial goodwill write-offs.

[illegible] nine-month result this year included a DKr250m gain on the value of i[illegible] investments in Compagnie [illegible] de Suez and Hambro's Bank.

Profits from the insurance business were said to be satisfactory. Earnings from [illegible] insurance increased [illegible] DKr354m to DKr400m and on life business from DKr192m to *Dkr337m.*

Baltica Bank improved profits to DKr50m from DKr38m.

Optimistic forecast for Fortis

THE OPERATING profit of Fortis, the Belgian-Dutch insurance group, should rise between 9 and 10 per cent this year, according to Mr Maurice Lippens, the chairman of Cie Financière et de Reassurance du Groupe, the Belgian partner in the venture, Reuter reports from Brussels.

"The operating results will be up between 9 and 10 per cent, but the net profit will be at least equal to last year's figure due to the fact that realised capital gains will be lower," he said.

Step forward for French investors

Concern: Pierre Bérégovoy, French finance minister

William Dawkins sets the extended bid for Exor by Ifi International, the Agnelli family vehicle, against the background of the controversy which is brewing in France over the rights of minority shareholders.

FAIR [illegible] small investors in [illegible] companies *took* one *step* forward and one step back yesterday.

The step forward came not *thanks to the Paris stock* exchange authorities, but *Italy's Agnelli family. Ifi* [illegible]national (Ifint) an Agnelli vehicle, *yesterday extended* [illegible] two-thirds bid for Exor, the holding company which controls the Source Perrier mineral water concern, to include all the shares [illegible] not having any obligation under French takeover rules to do so.

If fully accepted, this will cost Ifint an extra FFr1.8bn ($326m), a gesture in response to intense public criticism that the original two-thirds offer was unfair to minority Exor investors. This comes as minority shareholders across continental Europe are clamour for equal treatment.

The Agnellis had upset the Paris banking establishment – which has nearly as much control over what goes on in French industry as does its German counterpart – by *failing* to consult its usual merchant bank and Exor's and Perrier's big institutional shareholders. *Some* [illegible]ers [illegible] influential bodies, [illegible] the [illegible] and industrial conglomerate and [illegible] Agricole, [illegible] agricultural co-operative bank.

The Agnelli's behaviour, described [illegible] "gentlemanly" by a stockbroker, contrasts with the conduct of a separate battle which has ended with a setback for minorities. This is the bid by the *Pinault timber-to-*furniture retailing group [illegible] Printemps, [illegible] department store, [illegible] mail order business and [illegible] supermarket chain. *Pinault has* been criticised for making [illegible] two-thirds rather than a full offer and for juggling with voting rights. Unlike the Agnellis, Pinault [illegible] proceeding regardless.

Mr Micha Spierenburg, president of S.G.Warburg France, says: "The Italian group's attitude compares favourably with the less generous attitude of the Pinault group." A change in the rules, formally the government's business, requires "a change in the culture of this country away from the bank-industry approach to a more transparent system, where the rights of shareholders, especially *minorities*, are given the weight they deserve", he says.

Minority investors in Au Printemps had hoped Pinault would come under pressure from the Conseil des Bourses [illegible] (CBV), [illegible] *stock* market regulator, which [illegible]terday concluded its routine examination of both bids. Instead, the CBV gave Pinault and *Ifint* the all-clear and noted the Agnellis' gesture. *This non-committal* response from the CBV drew criticism *from stockbrokers* across Paris. They contrasted it with the rig*orous* attitude taken the day before by a Belgian court, [illegible] Accor, the French hotels group to [illegible] its [illegible] for W[illegible] Lits, the Franco-Belgian travel *company*, [illegible] give minority shareholders equal treatment.

One broker said: [illegible] not good for the [illegible] market. Investors will ask themselves why they should invest here if they risk being treated like that." *Another* said: "Clearly, Pinault has been observing the letter *but not the spirit of the* law." A group of Au Printemps shareholders *plans* a legal appeal on the CBV's ruling.

All this highlights the delicate balancing act that the *CBV* has carried out as it worked towards a clear appli*cation* of French takeover rules, introduced in 1989. These hold that a company buying – alone or in concert – more than one-third of the shares in another group must launch a bid for two-thirds of the equity. A bidder is not obliged to offer to buy all the shares until the 50 per cent threshold is passed, in contrast to the UK system, in which a full bid is triggered at 30 per cent.

Minority shareholders in a company subject to a two-thirds bid cannot hope to sell all their shares to the bidder – a difficulty not faced by shareholders who sold to the prospective bidder before the acquisition was launched. The Swiss holding group which sold to Pinault, causing it to breach the 33 per cent threshold in Au Printemps, got better treatment than other shareholders, the argument goes.

The ultimate arbiter is Mr Pierre Bérégovoy, the finance minister, who admitted last week that he was "concerned" about takeover rules. "There is certainly no perfect regulation which can satisfy all interests, which are often divergent," he said. He says there must be a balance between removing unnecessary barriers to takeovers and preventing covert changes of control.

He does not plan changes to the system until the CBV and quoted companies agree what they want. Mr Bérégovoy sees no sign of a consensus, but the conduct of takeovers is likely to be the subject of intense debate between French stock exchange authorities and companies in the months ahead.

Wagon-Lits bid request

THE BRUSSELS commercial court yesterday asked Accor to *extend its FFr2.2bn* ($400m) bid for Wagons-Lits, the Franco-Belgian travel group, by 10 days, following its Wednesday *ruling that the French hotels* group should lift the offer for *the outstanding* shares to FFr3.3bn, writes Andrew Hill.

Institutional investors asked the court to force an extension of the bid to allow the outstanding minority shareholders – who hold about 40 per cent of Wagons-Lits shares – to consider the new situation. Accor said it had not been told about the latest pronouncement.

Volvo expects consultation from Renault

By [illegible] Dawkins in Paris

VOLVO, the Swedish carmaker, *said* yesterday it expected to be consulted on the successor to Mr Raymond Lévy for [illegible] chairmanship of Renault, the French state-controlled car group in which Volvo has a 20 per cent stake.

The announcement, by Mr Pehr Gyllenhammar, [illegible] chairman, [illegible] because the French government normally decides who to appoint as chairmen of public sector companies. The three-year mandate of Mr Lévy and most French state industry chairmen come to an end in June, when Mrs Edith Cresson, [illegible] prime minister, is expected to ask President François Mitterrand for [illegible] changes.

Mr Lévy is likely [illegible] be [illegible] to go, partly because the recent Renault strike has made the government feel management changes are needed there. Mr Lévy will reach 65, the retirement age, *anyway in June.*

Mr Gyllenhammar told L'Expansion, a French magazine, yesterday the strike had also worried him, but that the alliance with Renault – agreed in February 1990 – had produced better than expected results.

هكذا في الأصل

INTERNATIONAL COMPANIES AND FINANCE

Changing times in an ailing industry

Karen Fossli on the shotgun union of Norway's DnB and Realkreditt

THE deepening crisis in the Norwegian banking system has created significant problems for the country's credit institutions, which rely heavily on the domestic bond market and international capital markets for funding.

Because of these difficulties, Den norske Bank's acquisition on Monday of troubled Realkreditt, Norway's biggest mortgage company, may have kick-started a further consolidation of the country's weak finance industry.

Indeed, Mr Per Kristian Foss, head of the parliament's finance committee and member of the opposition Conservative party, has called for the government to clear the way for other mortgage companies to be absorbed by the banks. He believes the DnB/Realkreditt linkup serves as a model for a continued restructuring of the ailing finance industry.

The complex shotgun wedding of DnB and Realkreditt was forced by the government and designed specifically to limit, as much as possible, state ownership of the bank and prevent the mortgage institution from [redacted] insolvency. However, it remains to be seen how big the state's stake in DnB will swell.

But Standard [redacted] Poor's, the US credit rating [redacted], is not entirely convinced [redacted] upside-potential of the marriage. "Realkreditt's inclusion in [redacted] DnB group may somewhat improve risk-weighted [redacted] con-solidated level, [redacted] to Realkreditt's better level of capital and reserves and high proportion [redacted] low risk-weighted assets. Realkreditt's asset quality problems and weak earnings, however, could more than offset the capital advantage it brings to the DnB group," said Mr Torsten Joerstad, an analyst with S&P.

Realkreditt earlier twice failed to merge with Christiania Bank, the second biggest bank, which was [redacted] by the government last October when it was declared technically insolvent.

For its part, Realkreditt, for the past eight months has been undergoing a significant overhaul under the direction of Mr Paal Raaum, who was hand-picked in February to undertake a spring cleaning of the company's loan and property portfolio.

Realkreditt's problems had reached major proportions by [redacted] time Mr Raaum joined the company. It's risk-weighted [redacted] under the weight of faulty [redacted] and property repossessions in a weak property market, while the company, in common with many of the banks, had failed to [redacted] losses at an early enough [redacted] for it to make a [redacted]

In April, however, Realkre[redacted] successfully completed [redacted] NKr475m ($75.3m) equity [redacted] and was converted from [redacted] mutual company to a corporation in which the leading participants [redacted] Realkreditt Holding A/S.

[redacted] was these participants which [redacted] key [redacted] Monday's deal by [redacted] reinvest in [redacted] their [redacted] gain from the sale of the mortgage company. Illustrative [redacted] nature of the country's finance industry, is the fact that some of Realkreditt's major shareholders include Uni Storebrand, Christiania Bank, Vital Forsikring, Den norske Bank and the [redacted] Pension Insurance Fund.

Realkreditt's liquidity had been secured earlier this [redacted] through direct support [redacted] the central bank and the company's 13 largest bondholders who pledged to maintain their inventories of the company's bonds despite the failure of the proposed merger with Christiania Bank. Realkreditt secured [redacted] NKr450m loan from the central bank.

By this year's third-quarter reporting period, the group slid into [redacted] of NKr288.4m [redacted] by a NKr178.7m charge against accounts for interest [redacted] and [redacted] and [redacted] of NKr247.6m. But net interest income, [redacted] losses had reached NKr239.5m.

By comparison, a year earlier the group suffered a net loss of NKr303.6m, charged NKr156.4m against [redacted] for [redacted] reversals and had credit losses of NKr433.9m.

In September, [redacted] problems [redacted] when it failed to get the backing of [redacted] syndicate of foreign banks to renew [redacted] $100m loan facility.

According to Mr Raaum, the syndicate [redacted] foreign [redacted] backing the facility had become [redacted] uncomfortable with Norway's banking crisis. Overall, Norway's credit insti[redacted] hit problems [redacted] Novem[redacted] when the bond market nearly collapsed due [redacted] psychological factors linked to [redacted] troubled banking sector.

On November 20, the Oslo bond index fell 0.67 per cent, and fell again by [redacted] per cent [redacted] November [redacted] For the month as a whole, it slid 1.53 per cent, but bond investors suffered a 0.68 per cent net loss on their investments.

Prior to November, the credit institutions did not have central bank backing for liquidity support [redacted] banks had, but their situation had become so acute that the central bank was forced to intervene.

"The difficulties . . . [redacted] be ascribed [redacted] their financial position. Their capital ratios [redacted] adequate and in several cases appreciably exceed th[redacted] statutory requirements," the central bank said.

The central [redacted] it believed the [redacted] when confidence in [redacted] market was [redacted]

According [redacted] Mr Torstein Olsen, of the Norwegian Association [redacted] Mortgage Banks, *there are 40 private mortgage* companies [redacted] which [redacted] partly [redacted] the mortgage companies need to raise NKr25bn within [redacted] next [redacted] unpaid loans.

Mr Olsen said institutional bond investors began selling out of their bond portfolios in October, [redacted] about [redacted] when the crisis within Norway's banking sector deepened.

[redacted] funding problems [redacted] May, but had already received assurances from the central [redacted] liquidity support.

Top Indian companies advance

By Gita Piramal in Bombay

A STUDY of the financial results of India's top [redacted] companies [redacted] the six-month period ending September 1991 has thrown [redacted] unexpected findings.

Sales were up 22 per cent, while [redacted] pre-tax profits rose [redacted] per cent and [redacted] profits by 25 per cent.

Analysts had not expected *that Indian corporate* performance would be so [redacted] given the political and economic turbulence in the country.

"I suspect that inflation has played an important, if hidden, role in these figures," said Mr Amit Khanna, the editor of Business Plus, a monthly video magazine.

However, with inflation rising from 9 per cent six months ago to 15 per cent today, the buoyant sales do not purely reflect increased production.

This view is partially shared by Mr Pradip Shah, managing director of Crisil, an Indian independent credit-rating organisation.

"People have been buying to beat inflation," he said.

This [redacted] particularly true of sectors such [redacted] cars, two-wheeled vehicles, air conditioning equipment and washing machines.

Up to September, such products [redacted] sold out; last month, sales [redacted]

[redacted] week, [redacted] Motors, one of India's three passenger car manufacturers, announced a 40 per cent cut in production. Bajaj Auto, India's biggest two-wheele[redacted], also announced [redacted] 30 per cent reduction.

Meanwhile, most manufacturers are preparing for difficult days ahead.

Inventories are being slashed. With the government clamping down on money supply as part of its structural reform of the economy, credit is tight and interest rates are over 25 per [redacted]

At another level, [redacted] incipient [redacted] making [redacted] quiet appearance, despite the fact that the middle class [redacted] reportedly increased from 150m to over [redacted] people.

Not everyone is pessimistic. "This is a temporary phenomenon. We [redacted] going to see an upturn [redacted] April," said Mr H[redacted] Kothari, president of the Bombay Stock Exchange. He said that this would be when government-run companies – which are the biggest customers – may [redacted] to the [redacted]

Their purchases [redacted] boost an economy, by then streamlined under the massive reform programme of the Rao administration.

The next six months will [redacted] who is right and who is wrong.

James Hardie falls 27% in first half

JAMES Hardie Industries, the Australian building products group, suffered a 27.7 per cent fall in net profits for [redacted] first half, with Mr David Say, chief executive, warning [redacted] recession would not end for [redacted] time", writes Mark Westfield.

[redacted] of the [redacted] Hardie result for the [redacted] months [redacted] cided with national [redacted] figures, showing the Australian economy has contracted for the fifth [redacted] quarter.

James Hardie [redacted] profit of [redacted] on a [redacted] per cent rise in sales revenues to A$658m. The [redacted] dividend was cut to 6 cents from [redacted] cents.

The group's US division doubled its losses to US$7.5m from US$3m.

INTERNATIONAL COMPANIES AND FINANCE

Zenith heads south of the border

Barbara Durr on [illegible] US television maker with Mexican factories

ZENITH Electronics may have to alter its boast that it [illegible] the last US manufacturer of televisions. [illegible] next year, virtually all of its television production will be located in Mexico.

The company, based in the Chicago suburbs, announced recently that it would shift the operations of its last US television final assembly plant in Springfield, Missouri, to Mexico, and that it would close its Taiwan plant for production of monochrome monitors and transfer those operations to Mexico as well. The moves consummate a 20-year trend.

The company began operations south of the Rio Grande in 1971 and, with the exception of a US plant for large picture tubes, most operations are being consolidated in Mexico. Reflecting a global division of [illegible]our, what remains in the US is "all of our knowledge workers," says Mr Jerry Pearlman, chairman.

The cost savings of Mexican production, where hourly wages are only about a 10th of those in the US, have proved too critical to pass up for loss-making Zenith. "If the Mexican [illegible]ons were in the US, our costs would be $400m a year higher," Mr Pearlman said.

Such an expense would be unthinkable for the company [illegible] has [illegible] struggling against [illegible] tide of red ink since 1985. Under a stepped-up cost-slashing campaign since last year, it reduced operating costs in 1990 by $38m and has already cut them by another $41m this year.

But that has not been enough to bring it into the black. By the end of the third quarter this year, losses had already piled up to $52.1m, or $1.82 a share, nearly double its losses of $26.8m, or $1.01 a share, for the corresponding period last year.

Analysts say that, while it has significant technology, Zenith has not been an efficient manufacturer. They view the consolidation in Mexico as positive.

While Mr Pearlman expects to have a better fourth quarter this year than in 1990, he said last year was "terrible". Analysts' estimates for the current quarter run to about 12 cents a share, while last year the company lost 94 cents a share.

Overall, Mr Pearlman said: "This year is going to be a big loss. And that's very unsatisfactory."

Zenith's components, sold to the automobile, computer and cable television industries, which have all been in a recession, have done poorly this year. Consumer electronics, though, have fared better.

The company has been increasing market share on the high end of the television market during 1990 and 1991. Yet the difficulty for raising profitability lies in the industry's intense price competition. The market share battle is robbing all colour television manufacturers of margins in the US.

The outlook does not seem brighter on this score, and consequently Zenith has placed a bet on developing high definition products, including [illegible] complete HDTV system and flat tension mask monitors.

The company hopes to be able to win the horse race for setting the American HDTV standard. The Federal Communications Commission is scheduled to decide the winner in the second quarter of 1993. Besides Zenith, which is teamed with American Telephone & Telegraph (AT&T) and Scientific-Atlanta, four other contenders are competing. These are the Massachusetts Institute of Technology, NHK, the Japanese government-owned broadcasting company, General Instrument Corporation, and a consortium of France's Thomson, Philips of the Netherlands, NBC and the David Sarnoff Research Center – which will present two systems.

Zenith has invested about $20m in its own system, digital spectrum compatible HDTV.

It believes that the US should make one leap into HDTV rather than engage in a two-step process which is being debated in the Europe and implemented in Japan. The company claims its system can use modified conventional television equipment as a transition to full digital systems. Zenith says its more advanced HDTV set would be priced at a fraction of Japan's $30,000 model, which uses intermediate technology and is available now.

Even if Zenith does not win the HDTV standards competition, it believes its investment has been "a good gamble of the shareholders' money," said Mr Pearlman. He contends that Zenith's work on HDTV will have eventual pay-offs, through participation in eventual manufacturing of HDTVs and/or through setting new standards for digital compression and transmission in cable. Zenith and Scientific-Atlanta are submitting a joint bid this week to develop that technology for a group of cable companies.

Its flat tension masks (FTMs), considered by many to be the more important product emerging from Zenith high-definition research, are also expected to establish new standards. They take the glare from picture tube television or computer screens, considerably easing eye strain.

These are already being sold to some computer-makers and the US military and could become the model for HDTV. If FTMs catch on, Zenith will at last have a less price-sensitive product.

But for now, the problem for Mr Pearlman is that his current markets are price-squeezed and the prospects of actual earnings from HDTV are at best three years away. But as analyst Maynard Brandon of Duff & Phelps puts it: "If they're successful, they'll be pretty interesting."

IBM's global overhaul aims at agility

By Louise Kehoe in San Francisco

INTERNATIONAL [illegible] personal computer, [illegible] and printer groups are to be the [illegible] for [illegible] drastic overhaul [illegible] all the computer giant's worldwide operations. The company aims to transform itself into an organisation of increasingly autonomous business units.

Management and organisation changes announced yesterday [illegible] of subsidiary companies representing IBM's [illegible] storage and printer product lines and certain personnel operations in the US. "The new organisations will be on the leading edge of the changes," said Mr John Akers, chairman.

He also, however, instituted management changes and [illegible] new system for measuring the success of individual business units, based on their financial performance that will apply to all IBM's businesses. IBM's per[illegible] computer side will undergo more [illegible] than [illegible] segments of [illegible] business.

A new worldwide personal computer management [illegible] has been formed, personal computer development has been restructured, and responsibility [illegible] manufacturing [illegible] personal computers and work[illegible] been [illegible] by the personal systems business unit.

"These changes will allow us [illegible] anticipate changing [illegible] and [illegible] quickly make the [illegible] business [illegible] to [illegible] the marketplace," [illegible] Mr [illegible] Cannavino, IBM's vice-president and general manager of personal systems, who is heading the newly-structured group.

John Akers: units will be faster and closer to the markets they serve

The new personal computer developm[illegible] organisation, called Entry Systems Technol[illegible] has [illegible] increase efficiency in developing future subsystems and techno[illegible]

This group will be highly independent, eliminating much [illegible] the bureaucracy [illegible] rently hampers personal computer product development, [illegible] Mr [illegible].

IBM also announced that its printer business would be spun off into an independent unit, Pennant Systems, with responsibility for developing and manufacturing printers and related software. The printer unit is currently a $2bn business in a $30bn market, IBM said.

IBM's storage products side, which includes a wide range of computer disk drive and other data storage products, will also become a stand-alone subsidiary. This unit is currently an $11bn business in a $53bn market, IBM said. The storage products subsidiary, which [illegible] yet to be named, will be [illegible] in San Jose, California.

A third subsidiary, Employment Solutions Corporation, will be formed to provide selected hiring and recruiting services to IBM in the US.

It also intends to market [illegible] services [illegible] other [illegible]nies.

Changes within IBM's mid-range computer side include the appointment of brand managers for the AS/400 product line in each of IBM's main regional units, worldwide. Many countries will form dedicated marketing organisations to focus on this product line.

IBM also announced the establishment of an executive steering committee to oversee working relationships among the various parts of IBM's mainframe computer business.

Throughout the company, there will be new management and measurement systems designed to give individual businesses new independence and accountability to optimise their respective markets, Mr Akers said. These will vary from market to market.

"However, certain principles will apply to all," said Mr Akers, "including individual reporting of financial results from IBM's main businesses, compensation tied more directly to each unit's performance, and operational changes that will inject more market discipline into the relationships between IBM's business units.

"IBM's marketing and services companies increasingly will become service companies in the true sense of the word," Mr Akers said, "creating value for customers through their knowledge and skills, and depending less, over time, on product cycles and hardware volumes for their prosperity."

As each manufacturing and development business is different, the degrees of independence will differ, Mr Akers said.

"We expect these more independent businesses will make better investment decisions because they are more agile, faster and closer to the markets they choose to serve.

"The IBM Corporation will have increased flexibility to manage the portfolio of businesses and focus on pursuing promising growth markets, investing or divesting to maximise IBM's overall financial results," Mr Akers said.

Navistar suffers loss of $67m

By Martin [illegible] in New York

NAVISTAR International, [illegible] leading North American manufacturer of medium and heavy trucks, yesterday reported [illegible] fourth-quarter loss of $67m. It also said it expected to report a loss in the first quarter of 1992.

The group, hit hard by weak demand for trucks as the US and Canadian economies struggled with recession, said its fourth-quarter sales were the lowest for any quarter in 1991. Its loss worked through at 29 cents a share, on sales and revenues of $817m, and compared with a loss of $7m, or 6 cents a share, [illegible] sales of $971m in the fourth quarter of 1990.

For the full year to [illegible] 31, it lost $165m, or 77 cents a share, compared with $11m, or 16 cents, in 1990.

Revenues were down 10 per cent at $3.46bn.

The company forecast that demand for medium trucks in the US and Canada for fiscal 1992 would be 121,000 units, about level with 1991, while demand for heavy trucks would rise 9 per cent to 119,000. However, Navistar expected its first-quarter truck production to be 3 per cent lower than the same period of last year, leading to a loss.

The company added that it would have to recognise a $1.5bn to $2.5bn liability when it adopted a new US accounting standard for the non-pension benefits of retirees. All US companies have to adopt the standard by 1993.

Navistar said if it amortised the obligation over 20 years, as the rules permit, this would increase annual pre-tax expenses by between $75m and $200m.

Brooke Bond India legal move

BROOKE Bond India, part of the Anglo-Dutch group Unilever, has filed a petition in the Bombay High Court seeking to restrain Mr Vijay Mallya's UB Group from selling its food processing business to Nestlé India. Brook Bond claims it had agreed to buy it, writes Gita Piramal.

Brooke Bond India said it had negotiated a Rs70m ($2.71m) deal to purchase Mr Mallya's 67 per cent stake in three UB units in July.

Mr Mallya had accepted an initial downpayment of Rs30m, it said.

INTERNATIONAL CAPITAL MARKETS

Bundesbank message says policy will remain tight

By Richard Waters in London and Karen Zagor in New York

THE Bundesbank may have held back from raising interest rates yesterday, but its message to the market was clear: German monetary policy will remain tight.

The targeted growth in money supply next year, at between 3.5 and 5.5 per cent, is half a percentage point below the expected range (although up half a point on the target for the current year, reflecting the integration of the former East Germany).

Also, the Bundesbank reiterated its target of bringing inflation down below 2 per cent. Comments by Mr Helmut Schlesinger, Bundesbank president, that this would not be achieved in the short-term were welcomed by the market. "It's the sort of thing that builds his credibility in the longer term," one analyst said.

For the moment, though, the market was happy to see the immediate threat of a rate hike shelved, regardless of what happens when the Bundesbank next meets on December 19, and marked [illegible] government [illegible] up accordingly. The March bund future [illegible] Liffe saw [illegible] heavy [illegible] traded, rising from 86.28 at the opening to [illegible] around 86.55 [illegible] day.

GOVERNMENT BONDS

Other European markets also responded well to [illegible] that German rates would not rise. French government bonds, [illegible] a substantial inflow of funds this week – much of it apparently hedged in [illegible] futures market – rose on the day, keeping [illegible] yield spread between longer-dated [illegible] and [illegible] bonds to around 66 basis points.

■ US TREASURY bonds barely moved yesterday morning [illegible] the market waited for today's employment report for November which may [illegible] whether monetary policy will [illegible].

At mid-session, the Treasury's benchmark 30 year bond was 1/16 lower at 101 1/16, yielding [illegible] shorter-[illegible] were unchanged to 1/16 higher.

The Federal Reserve [illegible] from operating in [illegible] open market and Fed Funds changed hands at about 4 11/16 per cent during the Fed's [illegible] intervention period.

[illegible] has already largely positioned [illegible] weak November employment [illegible] a subsequent [illegible] point cut in the Fed's perceived target for Fed Funds to 4½ per cent. It is expected that non-farm payrolls will fall by 50,000 and unemployment will grow by 7 per cent.

■ THE news from Germany, together with continued buying by UK institutions ahead of next week's Maastricht summit, also helped the UK government bond market to a substantial [illegible] on [illegible] day. Sterling weakened against the DM, leaving [illegible] with little to show in the way of gains, and keeping overseas buyers out of [illegible] market.

But longer-dated bonds again advanced: [illegible] repayable in 2003/2007 climbed from an opening 112 21/32 to 113¾ on the day, to give [illegible] yield of 9.7 per cent. In a moderately busy day on Liffe, the March futures contract rose from 94.28 to 95.22.

■ SWEDISH government bond prices see-sawed sharply yesterday as the central bank moved to support the Swedish krona on the foreign exchange markets. The recent Finnish [illegible]valuation continued to weigh heavy, prompting [illegible] about the [illegible] ability [illegible] the [illegible].

Meanwhile, yields on longer-[illegible] leapt from just over 10 per cent to 10.5 per cent, [illegible] heavy buying brought them [illegible] around 10.35 [illegible] cent [illegible] in [illegible] day.

■ THE [illegible] Japanese [illegible] 129 continued [illegible] fall yesterday as analysts continued [illegible] report strong buying. [illegible] trading yesterday, [illegible] had fallen [illegible] 5.7 per [illegible] from the opening [illegible] per cent, hitting a [illegible] level in [illegible].

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		[illegible]	11/01	115.7757	+1.733	[illegible]	[illegible]	9.75
BELGIUM		9.000	06/01	[illegible]	+0.100	[illegible]	[illegible]	9.11
CANADA *		8.500	04/02	100.0000	[illegible]	8.50	[illegible]	[illegible]
DENMARK		9.000	11/00	99.7500	[illegible]	9.04	[illegible]	[illegible]
FRANCE	BTAN	8.500	11/96	[illegible]	+0.189	[illegible]	9.13	8.97
	OAT	9.500	01/01	[illegible]	+0.290	[illegible]	8.93	8.81
GERMANY		8.25	[illegible]	99.6000	[illegible]	8.27	8.30	[illegible]
ITALY		12.000	08/01	96.5500	[illegible]	12.83	12.63	[illegible]
JAPAN	No 119	4.800	06/99	[illegible]	+[illegible]	[illegible]	6.20	[illegible]
	No [illegible]	6.400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NETHERLANDS		[illegible]	03/01	[illegible]	[illegible]	8.75	8.82	8.80
SPAIN		11.800	07/96	99.7500	[illegible]	11.91	[illegible]	[illegible]
UK GILTS		10.000	[illegible]	100-21	+9/32	9.83	10.00	9.77
		10.000	[illegible]	[illegible]	[illegible]	9.73	9.94	[illegible]
		[illegible]	10/08	95-26	+22/32	9.50	9.71	9.59
US [illegible] *		[illegible]	11/01	[illegible]	[illegible]	7.20	7.41	7.50
		8.000	11/21	101-20	+2/32	7.86	7.97	[illegible]

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in [illegible] others in decimal. Technical Data/ATLAS Price Sources

Japanese trust banks introduce stricter code

JAPAN'S trust banking industry voluntarily agreed to introduce stricter guidelines in managing fund trust accounts, a securities investment instrument offered to corporate customers, Reuter reports.

The agreement followed persistent speculation that leading trust banks have improperly covered investment losses of important clients, banking analysts said.

Fund trusts are accounts in which corporate clients give [illegible] almost [illegible] discretion on investment decisions. Their popularity [illegible] along with stock prices [illegible] 1980s.

The guidelines include restricting excessive [illegible] lend money to customers [illegible] to [illegible] in fund [illegible] the Trust Companies [illegible] of Japan said.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:05 pm on December 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	[illegible]	104¼	105	-¼	7.17
ALBERTA PROVINCE 9 3/8 95	600	109	109½	+⅛	6.67
AUSTRIA 8 1/2 00	400	105⅜	106	+⅛	7.54
BANK OF TOKYO 8 3/8 96	100	104⅜	104⅞	+⅛	7.15
BELGIUM 9 5/8 98	250	111⅛	111⅝	+⅛	7.37
BFCE 7 3/4 97	150	103⅞	104⅛	+⅛	[illegible]
BNP 8 5/8 94	300	105⅝	106⅛		[illegible]
BRITISH GAS 8 3/8 99	350	105	105⅝	+⅛	[illegible]
CANADA 9 96	1000	108⅜	108⅞	+⅛	[illegible]
CARCO 9 1/4 96	150	99⅞	100⅜	-⅛	[illegible]
CCCE 9 1/4 95	300	108⅜	108⅞	+⅛	6.79
COUNCIL EUROPE 8 96	100	104⅛	104⅝	-⅛	6.83
CREDIT FONCIER 9 1/2 99	300	111⅛	111⅝	+⅛	7.42
DENMARK 8 1/4 94	150	105	105⅜	-⅛	6.16
DENMARK 9 1/4 95	1571	108⅛	108⅝		6.37
ECSC 8 1/4 96	193	106	106½	+⅛	6.79
EEC 8 1/4 96	100	105⅜	[illegible]	+⅛	[illegible]
EIB 7 3/4 96	250	104	[illegible]	+⅛	[illegible]
EIB 9 1/4 97	1000	[illegible]	110⅛	+⅛	[illegible]
ELEC DE FRANCE 9 98	200	[illegible]	108⅜	+⅛	7.25
EURO CRED CARD TST 9 94	325	[illegible]	104⅜	+⅛	[illegible]
EUROFIMA 9 1/4 96	100	[illegible]	[illegible]	+⅛	[illegible]
EXPORT DEV CORP 9 1/2 98	150	[illegible]	111⅛	+⅛	7.37
FINLAND 7 7/8 97	200	[illegible]	[illegible]	+⅛	7.12
FINNISH EXPORT 9 3/8 95	200	110	110½	+1⅛	6.38
FORD CAPITAL 9 3/4 97	250	[illegible]	107⅜	+⅛	[illegible]
GEN ELEC CAPITAL 9 3/8 96	300	[illegible]	109⅜	+⅛	6.99
GMAC 9 [illegible] 96	200	[illegible]	104⅜	-⅛	7.86
GUINNESS FINANCE 8 94	200	[illegible]	[illegible]	+⅛	6.31
HBM INTL FIN 7 3/4 94	200	104	[illegible]	+⅛	5.87
IND BK JAPAN FIN 7 7/8 97	200	102⅝	[illegible]	+⅛	7.25
INTER AMER DEV 7 5/8 96	200	103⅜	[illegible]	+⅛	6.79
ITALY 8 1/[illegible]	1500	106⅛	[illegible]	+⅛	6.02
JAPAN DEV [illegible] 94	150	104⅜	[illegible]	+⅛	[illegible]
KAN[illegible] 10 96	350	110⅜	111⅛	+⅛	[illegible]
LTCB FIN 8 97	300	102⅞	102⅞	+⅛	7.42
NEW ZEALAND 9 94	850	106½	107	+⅛	6.32
NIPPON CRED BK 10 3/8 95	150	106⅛	[illegible]	-⅜	8.22
NIPPON TE[illegible]L 9 3/8 95	200	105⅝	[illegible]	-⅞	7.34
ONTARIO [illegible]	600	103⅛	[illegible]	-⅛	[illegible]
ONTARIO [illegible] 11 5/8 94	200	110½	[illegible]		[illegible]
OSTER KONTROLLBANK 8 1/2 01	200	104⅜	[illegible]	+⅛	7.75
PETRO-CANADA 7 1/4 96	200	101⅛	[illegible]		6.90
QUEBEC HYDRO 9 3/4 98	150	109	[illegible]	-⅛	7.98
QUEBEC PROV 9 98	200	104½	[illegible]	+⅛	7.65
SAINSBURY 9 1/8 96	150	[illegible]	[illegible]	+⅛	7.07
SAS 10 99	200	[illegible]	[illegible]	+1⅛	[illegible]
SBAB 9 1/2 95	500	[illegible]	[illegible]	+⅛	[illegible]
SNCF 9 1/2 98	150	[illegible]	110⅞	+⅛	[illegible]
STATE BK NSW 8 1/2 96	200	[illegible]	104½	-⅛	7.42
SWEDEN 8 1/8 94	150	[illegible]	105¼	+⅛	[illegible]
TOKYO ELEC POWER 8 3/4 96	300	[illegible]	107⅜	+⅛	6.85
TOKYO METROPOLIS 8 1/4 96	200	[illegible]	106¼	+⅛	6.86
WORLD BANK 8 3/8 99	1500	[illegible]	106⅛	+⅛	[illegible]
WORLD BANK 8 3/4 97	1500	[illegible]	109	+⅛	[illegible]
XEROX CORPN 8 3/8 96	100	[illegible]	104⅛	+1	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAPROVEN 11 1/8 95	200	[illegible]	101	+⅛	[illegible]
BK ECON USSR 7 96	750	[illegible]	68½	-⅝	18.08
BULGARIAN TRADE BK 8 1/2 96	200	[illegible]	[illegible]	+1¼	12.81
CZECH OBCHODNI BANKA 10 95	350	[illegible]	96⅛	-⅛	11.31
DEUTSCHE FINANCE 7 1/2 95	1000	[illegible]	97		8.62
EIB 5 3/4 98	400	[illegible]	87⅜		8.34
EIB 6 7/8 95	300	[illegible]	96⅛	+⅛	8.02
EUROFIMA 6 1/4 98	400	[illegible]	89⅛		8.42
FIRST INTERSTATE 5 3/4 96	100	[illegible]	85		9.94
IND BK JAPAN FIN 5 5/8 96	200	[illegible]	89		[illegible]
IND DEV BK INDIA 6 3/8 94	200	[illegible]	88½	+⅛	11.02
LUFTHANSA INT FIN 5 7/8 98	500	[illegible]	86⅛	-⅛	8.68
NACIONAL FINANCIERA 11 95	150	[illegible]	104	+1⅛	[illegible]
NAT BK HUNGARY 8 96	200	[illegible]	92	+1⅛	[illegible]
QUEBEC HYDRO 6 3/4 99	300	[illegible]	89⅛		8.69
SWEDEN 6 1/8 98	300	89	89		8.44
WORLD BANK 0 15	2000	[illegible]	18⅛		[illegible]
WORLD BANK 5 3/4 96	300	[illegible]	90⅞	+⅛	8.36
WORLD BANK 7 1/8 95	500	[illegible]	[illegible]		[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	88	88½	+½	7.18
AUSTRIA 4 5/8 98	100	88⅜	89	+⅛	6.92
CHUBU ELEC POWER 6 3/4 01	300	99	99½		6.89
COUNCIL EUROPE 4 3/4 98	250	88⅛	88⅜		7.16
EEC 5 1/2 00	100	90	91		7.04
EIB 6 1/2 98	600	98⅛	98⅜	-⅛	6.80
ELEC DE FRANCE 7 1/4 06	100	101¼	102		7.10
FINLAND 5 3/8 95	150	94	94¼	+½	7.19
GENERAL MOTORS 7 1/2 95	100	98½	100		8.01
JAPAN DEV BK 5 1/2 94	100	96½	97½	+½	7.28
KOBE 6 3/8 01	240	96⅛	96⅜	+⅛	6.91
NEW ZEALAND 4 7/8 99	200	86	86½		7.46
QUEBEC HYDRO 5 08	100	73½	[illegible]		7.95
WORLD BANK 5 03	150	84	[illegible]		7.05
WORLD BANK 7 01	600	101¼	101⅝	-⅛	6.81

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	98¼	98½	+⅛	5.64
CREDIT FONCIER 5 1/4 94	20000	98⅛	98⅝	+⅛	5.94
DENMARK 7 95	40000	103⅝	103⅞	+⅛	5.70
EIB 4 5/8 94	40000	97⅛	98		5.63
ELEC DE FRANCE 5 5/8 96	20000	99	[illegible]	+⅛	5.86
FINLAND 6 3/4 96	50000	102¼	[illegible]	+⅛	6.13
INTER AMER DEV 7 1/4 00	30000	108¼	108½	+⅛	5.99
KANSAI ELEC PWR 4 5/8 94	60000	96⅞	97⅛		6.05
NIPPON TEL & TEL 5 7/8 96	50000	99⅜	100	+⅛	5.96
NORWAY 5 1/8 95	50000	98⅛	98⅜	+⅛	5.66
SNCF 6 3/4 00	30000	105	105¼	+⅛	5.96
SWEDEN 5 5/8 95	20000	98⅛	99⅛		5.99
WORLD BANK 6 3/4 00	50000	105⅛	105⅜	+⅛	5.90

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COPENHAGEN TEL 8 5/8 96 LFr	600	98⅛		+⅛	9.15
WORLD BANK 8 96 LFr	1000	98⅛		-⅛	9.20
ABN AMRO HOLDING 9 1/4 01 Fl	750	102⅛	102⅝		8.87
UNILEVER 9 00 Fl	500	102⅜	103⅛		8.52
ALBERTA PROVINCE 10 5/8 96 C$	500	106⅜	106⅞	-⅛	8.72
BELL CANADA 10 5/8 99 C$	150	106⅛	106⅝		[illegible]
BRITISH COLUMBIA 10 96 C$	500	104⅛	104⅝		8.79
EIB 10 1/8 98 C$	[illegible]	103⅞	104⅜	-1⅛	[illegible]
ELEC DE FRANCE 9 3/4 99 C$	275	[illegible]	[illegible]		9.00
FORD CREDIT CANADA 10 94 C$	100	103⅛	[illegible]	+⅛	8.50
GEN ELEC CAPITAL 10 96 C$	300	[illegible]	104⅜	-⅛	[illegible]
KFW INT FIN 10 01 C$	400	104	104½	-⅛	[illegible]
NIPPON TEL & TEL 10 1/4 94 C$	200	105⅜	106⅛		9.21
ONTARIO HYDRO 10 7/8 99 C$	500	107⅜	108⅛		9.39
OSTER KONTROLLBANK 10 1/4 99 C$	150	105⅛	[illegible]	+⅛	9.18
QUEBEC PROV 10 1/2 98 C$	200	105⅜	[illegible]	+⅛	[illegible]
BELGIUM 9 1/8 96 Ecu	1250	100	[illegible]		[illegible]
CREDIT LYONNAIS 9 96 Ecu	125	97⅛	99⅛	-⅛	[illegible]
DENMARK 7 5/8 96 Ecu	[illegible]	92⅛	92⅝	-⅛	9.90
EEC 7 5/8 94 Ecu	[illegible]	[illegible]	96⅛		9.59
EIB 10 97 Ecu	1125	[illegible]	104⅛		[illegible]
FERRO DEL STAT 10 1/8 98 Ecu	500	103⅜	104⅛		9.26
ITALY 10 3/4 00 Ecu	1000	109⅜	109⅞		9.08
UNITED KINGDOM 9 1/8 01 Ecu	[illegible]	101⅛	101⅝	+⅛	8.85
BP AMERICA 12 1/4 96 A$	100	108	108⅝	+⅛	9.83
COMM BK AUSTRALIA 13 3/4 99 A$	100	118⅛	118⅞	+1⅛	10.20
EKSPORTFINANS 12 3/8 95 A$	75	109⅞	110⅜	+⅛	8.91
EUROFIMA 14 5/8 94 A$	75	111⅞	112⅜	+⅛	8.90
MCDONALDS CANADA 15 95 A$	100	115⅛	115⅝	+⅛	9.64
NAT AUSTRALIA BANK 14 3/4 94 A$	150	110⅝	111⅛	+⅛	9.14
STATE BK NSW 14 1/4 99 A$	100	118	118⅝	+⅛	10.71
UNILEVER AUSTRALIA 12 98 A$	150	109⅜	109⅞	+⅛	9.96
VOLKSWAGEN INTL 15 94 A$	100	111⅛	111⅝	+½	[illegible]
ABBEY NATL TREAS 13 3/8 95 £	100	106⅛	107	+⅛	10.84
ALLIANCE & LEICS 11 3/8 97 £	100	100⅝	101		11.18
BRITISH GAS 12 3/4 95 £	300	105⅛	105⅝	+⅛	10.59
DEUTSCHE BK FIN 11 94 £	225	101	101⅛	+⅛	[illegible]
EIB 10 97 £	536.5	99	99⅛	+⅛	10.24
FINLAND 10 1/8 97 £	100	[illegible]	100	+⅛	10.23
INTER AMER DEV 11 3/8 95 £	75	[illegible]	103	+⅛	[illegible]
ITALY 10 1/2 14 £	400	[illegible]	99⅛	+½	[illegible]
LAND SECS 9 1/2 07 £	200	85½	86	+⅛	11.54
NORWAY 10 1/2 94 £	200	100⅛	100⅝	+⅛	[illegible]
ONTARIO 11 1/8 01 £	100	102⅛	103⅛	+⅛	10.63
SEVERN TRENT 11 1/2 99 £	150	102	102½	+½	[illegible]
SKANDINAVISKA ENSK 13 1/8 95 £	100	105⅝	106⅛	+⅛	[illegible]
TOKYO ELEC POWER 11 01 £	150	102⅞	103⅛	+⅛	[illegible]
WORLD BANK 11 1/4 95 £	100	102⅛	102⅞	+⅛	[illegible]
ABBEY NATIONAL 0 96 NZ$	100	64	65	+⅛	9.68
BNP 12 96 NZ$	50	[illegible]	110⅛		[illegible]
CEPME 10 95 FFr	2000	[illegible]	101⅛		9.45
ELF-AQUITAINE 9 99 FFr	600	[illegible]	98⅛		9.34
EURATOM 7 5/8 98 FFr	500	91⅛	92⅛	-⅛	[illegible]

FLOATING RATE NOTES	Issued	Bid	Offer	
ALLIANCE & LEICS 0.08 94 £	300	99.51	99.61	[illegible]
BANCO ROMA 0.03 01	300	91.50	92.50	[illegible]
BELGIUM 1/16 97 DM	500	99.97	100.07	[illegible]
BFCE -0.02 96	350	99.99	100.09	[illegible]
BNP 05	300	95.75	96.75	[illegible]
BRITANNIA 1/10 96 £	150	99.09	99.29	[illegible]
CCCE 06 ECU	200	99.94	100.04	[illegible]
CITIZENS FED 0.15 96	100	99.57	99.95	[illegible]
CREDIT FONCIER -1/16 98	200	99.98	100.08	[illegible]
DENMARK -1/8 96	1000	99.82	99.92	[illegible]
DRESDNER FINANCE 1/32 98 DM	1000	99.95	100.05	[illegible]
ELEC DE FRANCE 1/8 99	400	100.58	100.95	[illegible]
FERRO DEL STAT 94	200	100.65	100.90	[illegible]
HALIFAX 1/10 94 £	200	99.95	100.05	[illegible]
IRELAND 98	300	99.50	99.60	[illegible]
ITALY 00	500	100.32	100.40	[illegible]
LEEDS PERMANENT 1/8 96 £	200	99.32	[illegible]	[illegible]
LLOYDS BANK 1/10 PERP 5.3	600	80.00	[illegible]	[illegible]
MITSUI FIN ASIA 1/8 96	100	99.60	[illegible]	[illegible]
MORGAN (JP) 1/4 97	250	99.00	99.63	[illegible]
NAT WEST FIN 3/16 05	400	91.00	92.25	5.5000
RENFE 98	500	99.85	99.95	5.0000
SOCIETE GENERALE 96	300	99.50	99.60	5.6250
STATE BK VICTORIA 0.05 99	125	98.45	98.70	6.4875
UNITED KINGDOM -1/8 96	4000	99.95	99.99	5.2500
YORKSHIRE BS 1/10 94 £	165	99.58	99.68	10.5063

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
BURTON GROUP 4 3/4 01 £	110	2.38	125⅛	127⅛	
CHUBB CAPITAL 6 98	250	86	101⅞	102⅞	+29.80
DAI-ICHI KANGYO 3 7/8 04	300	3251.8	94½	95⅛	[illegible]
EASTMAN KODAK 6 3/8 01	300	50.67	102⅞	103⅞	+9.17
GOLD KALGOORLIE 7 1/2 00	65	1.0554	78½	79½	+46.65
HANSON 9 1/2 06 £	500	2.5875	94½	95½	+22.08
HAWLEY 6 02 PREF	400	19.1	77⅛	80⅜	
HILLSDOWN 4 1/2 02 £	150	3.97	115	116	
LAND SECS 6 3/4 02 £	84	6.72	82⅜	[illegible]	+17.78
LASMO 7 3/4 05 £	90	5.64	75⅛	[illegible]	+64.50
MITSUI BANK 2 5/8 03	200	2537.5	85½	[illegible]	+8.60
MOUNT ISA FIN 6 1/2 97	100	2.283	89⅛	[illegible]	+23.66
OGDEN 6 02	85	39.077	76⅛	[illegible]	+56.82
SMITH & NEPHEW 4 02 £	90	1.775	118⅜	[illegible]	+56.51
SUMITOMO BANK 3 1/8 04	300	3606.9	72	[illegible]	+16.37
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	87⅛	[illegible]	
THORN EMI 5 3/4 04 £	103	7.45	117⅛	118⅛	+12.83

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price: the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Belfox to open with futures contract

By Tracy Corrigan

BELGIUM'S futures and options exchange, Belfox, finally starts trading at 9am today, after [illegible] delays caused by technical problems.

Initially, the screen-based system will trade a futures contract on [illegible] notional government bond.

Options on six Belgian stocks will be launched in [illegible]ruary, followed by futures and options on [illegible] Bel-20 Belgian share index.

Although the [illegible] subsidence of business at the end of the year and the uncertainty besetting European bond markets ahead [illegible] Maastricht summit are likely [illegible] hold down trading volume initially, some dealers [illegible] contract could attract [illegible] in [illegible] new [illegible].

Belgium, [illegible] high level of debt – $200bn – for the size of its population, has reformed its government bond market in an effort to encourage greater international participation.

At [illegible] time, [illegible] cept [illegible] economic [illegible] of European countries has fuelled interest in Belgian bonds, which many [illegible] perceive as high-yielding bunds.

The yield spread [illegible] Belgian and German bond markets [illegible] narrowed from 100 basis points at the start of [illegible] to [illegible] low [illegible] points, but [illegible] now [illegible] about [illegible] points, due [illegible] recent strength of [illegible] bund [illegible].

Futures [illegible] French government [illegible] future on [illegible] Matif, the French exchange, are widely [illegible] by spread players between [illegible] and their liquidity has been boosted by the presence of arbitrageurs. If arbitrage traders [illegible] the Belgian futures market, [illegible] of liquidity will improve substantially.

The future will cover maturities ranging from seven [illegible] 10 years, with [illegible] linear bonds to deliver.

Generale Bank, Kr[illegible], Banque Ippa, [illegible] Indosuez Belgique and Banque Paribas Belgique, will act as market-makers.

The [illegible] of the exchange, which has start-up capital of BFr500m, [illegible] up [illegible] the Brussels [illegible] and broker-[illegible].

Amex plans to shed insurance business

By Martin Dickson in [illegible] York

AMERICAN Express, [illegible] US financial services company, is in [illegible] with [illegible] companies about the possible sale of all or part of its Amex Life Assurance business, which it [illegible] to shed as part of a restructuring programme, it said yesterday.

It declined to elaborate, but one [illegible] the potential purchasers is thought [illegible] Aegon USA, a subsidiary [illegible] the [illegible] insurer Aegon. Amex [illegible] thought to be seeking around $500m for the business, which would probably give [illegible] gain on the sale [illegible] some $50m [illegible] $100m.

The business, with [illegible] $1bn in [illegible], has [illegible] units, which could be [illegible] separately. [illegible] direct mail insurance group which has sold [illegible] on the [illegible] the American [illegible] card operation. The [illegible] insures against the [illegible] long-term nursing [illegible].

Amex is believed to want around $200m for the direct mail business and $300m for the nursing insurer. The sale would represent a further retreat for Amex from its troubled diversification out [illegible] charge [illegible] into diversified financial [illegible].

CIBC hit by loss provisions

By Bernard Simon in Toronto

CANADIAN Imperial Bank of Commerce (CIBC), Canada's second biggest financial institution, posted record earnings in fiscal 1991, [illegible] performance was clouded by sharply higher loan [illegible] provisions.

Net earnings advanced [illegible] C$811m (US$715m) [illegible] the year to October 31 from C$802m in 1990. Earnings per [illegible] fell to C$3.93 from C$4.03 [illegible] larger number [illegible] were in issue.

Return on equity slipped [illegible] per [illegible] from 15.8 per cent, and return on [illegible] to [illegible] per [illegible] from 0.74 per cent.

Loan loss provisions soared [illegible] C$613m from C$254m, [illegible] to the unexpectedly deep [illegible]sion in Canada as well as some foreign customers' problems. The latest figure includes a C$138m recovery [illegible] the [illegible] of Third World [illegible].

INTERNATIONAL CAPITAL MARKETS

Russian banking pillars shake but still stand

Leyla Boulton reports on the survival plans being prepared for the troubled industry

BANKING in [illegible] like Russian roulette, is how Mr Dimitry Tulin, deputy chairman of Russia's central bank, recently summed up the risky nature [illegible] commercial banking there.

This description could [illegible] apply [illegible] the [illegible] banking system in the former USSR – as dramatically underlined by the [illegible] Union's suspension yesterday [illegible] principal payments on debts [illegible] all western banks.

Following the collapse of central authority following [illegible] August coup, the twin pillars of Soviet state banking, Gosbank, the central bank, and Vnesheconombank, the bank which [illegible] the Soviet foreign debt, are still standing.

But only just: the backdrop [illegible] financial [illegible] plunging rouble, rapid inflation, big budget deficits, debt servicing difficulties, and plans by republics [illegible] introduce their own [illegible].

The survival of [illegible], [illegible] already dented reputation as a reliable [illegible] collapsed this week, will depend on the republics' ability to provide it with hard currency [illegible] out [illegible] job [illegible] debt manager.

Republican [illegible] a big obstacle [illegible] honouring [illegible] of a [illegible] relief bargain [illegible] the Group of [illegible] industrialised nations when they finalised an agreement allocating [illegible] a [illegible] percentage of [illegible] and [illegible].

However, [illegible] problems of Vnesheconombank – which [illegible] agreement [illegible] justify [illegible] unilateral suspension [illegible] principal repayments – [illegible] only just [illegible] starting.

Confronted with a flat refusal by the [illegible] to allow them [illegible] independently, eight republics [illegible] reluctantly accepted the principle [illegible] channelling [illegible] ing through one agent (four [illegible] have yet [illegible] formally join the [illegible].

[illegible] in their quest to build up their own banking systems, [illegible] own [illegible] their populations with imports at a time of radical reforms, [illegible] servicing [illegible] last thing republics [illegible] spend their [illegible] currency [illegible].

[illegible] now [illegible] joined by Ukraine, Azerbaijan, Georgia and Uzbekistan, signed [illegible] agreement only [illegible] a warning by the G7 that their creditworthiness would otherwise [illegible] and [illegible] would [illegible] difficult [illegible] come by.

Should [illegible] "joint [illegible] eral" responsibility of the republics collapse, [illegible] has said it will take on the debt, tailoring Vnesheconombank to [illegible] own [illegible].

Even [illegible] joint [illegible] sticks, [illegible]bank will [illegible] undergo changes [illegible] a result [illegible] plans [illegible] turn it into a joint-stock bank, with each republic holding voting rights proportionate [illegible] in [illegible] bank. But, [illegible] meantime, [illegible] instructed [illegible] re-register [illegible].

One positive develop[illegible] that [illegible] already rapidly [illegible] main bank for foreign trade. The erratic [illegible] resulting from [illegible] lapping [illegible] its functions [illegible] and [illegible] bank [illegible] resulted in a desperate [illegible] by republics, [illegible] prises [illegible] foreign partners for [illegible].

As its purpose becomes more narrowly defined, Vnesheconombank [illegible] shedding [illegible] role [illegible] cashier [illegible] bankrupt [illegible] organisations, such [illegible] Soviet railways, which [illegible] result announced they could [illegible] travel [illegible] the [illegible] Union [illegible] January 1.

Russia is also taking the lead in [illegible] development [illegible] new central [illegible] structure. It [illegible] acting from a position of strength by presenting smaller republics with a series of *faits accomplis.*

The [illegible] ment, [illegible] implement radical Polish-style reforms, has announced plans for a Russian central bank to take over Gosbank's central banking functions from January, until a banking union is created.

That puts the biggest republic in a position to impose its vision of how decisions are to be taken in a new Soviet-style Federal Reserve System. Russia wants a vote proportional to its size – effectively giving [illegible] ultimate [illegible] – [illegible] smaller republics, which want one vote per republic, now have little alternative but to agree or set up their own currencies if they can.

Russia has already declared a takeover of the country's rouble printing presses, which all happen to be located in Russia, and has warned it will issue a new currency if the Ukraine, which voted for independence on Sunday, introduces Ukrainian money.

The aim of a new Russian currency would be to protect the republic from a flood of surplus roubles from Ukraine in a first stage – and in a second stage could serve as a vehicle for a confiscatory monetary reform to stabilise Russian finances.

Mr Viktor Gerashchenko, the Gosbank chairman who was dismissed in August but reinstated three days later, said in an interview this week he believed the Russian government's decision to condemn his bank to oblivion in a month's time was just "a war cry".

The main obstacle for Russia so far, though, has not been a lack of serious intention, but the absence of means to carry out its plans. Leaving aside the fact it does not have a hard currency stabilisation fund to introduce partial convertibility, it does not even have a central [illegible] governor it can work with.

The Russian leadership wants Mr Boris Fyodorov, the former Russian finance minister who now works for the European Bank for Reconstruction and Development, in the job.

Although the appointment of Mr Fyodorov would greatly enhance the authority of the bank and foreign confidence in President Boris Yeltsin's reforms, the job is not yet vacant.

To get around legislation stipulating that the central bank governor can only be removed with parliament's consent, the government has used typically Byzantine tactics to try to unseat Mr Gyorgy [illegible] chairman who enjoys the patronage of the parliament's powerful speaker.

It has said it will replace Mr Matiukhin's bank with a new institution called State Bank of Russia, and President Yeltsin has accused Mr Matiukhin of violating his parliament mandate to keep a lid on inflation and the budget deficit.

This issue will only be resolved after a showdown with the parliament on this and a host of other economic issues.

Mr Gerashchenko may be right in believing that Ukraine, which voted massively for independence on Sunday, will not carry through plans to introduce its own currency by the summer.

But the republic has already received from France a consignment of coupons which it plans to introduce as quasi-money to protect its food supplies when Russia liberalises prices over the next month.

This alone could serve as an excuse for Russia to introduce its own currency, even though real Ukrainian banknotes will only be ready in May.

The Ukrainian rationale for shunning [illegible] banking system and currency was summed up by Mr Oleksandr Savchenko, deputy chairman of the Ukrainian national bank, who said before the independence vote: "Nobody will take us seriously if we don't have our own currency." But this plan, too, is confronted with practical difficulties and doubts among experts about rushing the plan.

"I believe we need at least a year of good preparation before we introduce a Ukrainian currency," said Mr Igor Mitiukov, head of the international division of the republic's biggest commercial bank, Ukraina Bank. "We have no right to act in such a way that the grynia will have the same fate as the rouble."

In an interview before the independence vote, he suggested that the parliament was wrong to push the government to introduce the currency as soon [illegible] possible. "When you're ill you don't go to parliament, [illegible] to [illegible]"

Many fear that the first casualty of a plethora of Russian currencies will be trade, with Mr Gerashchenko warning that Soviet republics will face a collapse in trade similar to that experienced by [illegible] Soviet [illegible] Europe when [illegible] rouble" was abandoned as a unit of account, together with the ending of the Soviet-led trading organisation Comecon.

[illegible] republics desperately try [illegible] themselves, they may be making [illegible] worse, [illegible] the present [illegible] they [illegible] they have [illegible].

The answer is spelled out by Mr Fyodorov, who is already working as a part-time consultant for the Russian government: "The only way to mitigate this is to go faster to a market economy so that relations are on economic terms rather than political terms . . . Things will then be a question of price rather than the special policy of this or that republic."

Viktor Gerashchenko toasts the future of banking

EIB launches $500m deal but cuts underwriting fees

By Simon London

THE European [illegible] Bank (EIB) yesterday launched its anticipated $500m deal in the international bond market, sparking controversy by further paring the fees paid to underwriters.

The 10-year bonds carry a 7.5 per cent coupon and were priced to yield 25 basis points more than US Treasury securities.

This was initially considered tight by market participants, but strong demand from European and Far Eastern institutional investors left most participants short of paper. The yield spread had tightened to 22 basis points by the close of trading.

ABN Amro, the Dutch bank, was the surprise winner of the mandate to lead-manage the deal following a competitive bidding process among leading firms.

The deal was the bank's first large Eurodollar new issue mandate for two years. It won the bidding process by agreeing to lead manage the deal for fees of just 12.5 basis points, compared with standard fees of 32.5 basis points for a deal of this maturity. By working for lower fees, ABN Amro offered the EIB a cost saving of around $1m.

While there is no formal agreement among underwriters as to the correct level of [illegible] given type [illegible] transaction, leading firms have been attempting to defend the return paid to underwriters.

ABN Amro is not the first bank to win an EIB mandate by reducing its fees. Warburg Securities, Swiss Bank Corporation and Goldman Sachs have each won new issue mandates this year by working for fees which were lower than the Euromarket standard.

However, these earlier deals were handled as "block trades" – underwritten by just two or three firms, with the exact level of fees a close secret.

Yesterday, the lead-manager gathered a group of six joint underwriters and the level of fees was widely circulated.

Of the top 10 Eurodollar lead managers, only Swiss Bank Corporation agreed to participate in the underwriting.

Senior syndicate officials [illegible] other firms questioned [illegible] would follow [illegible] EIB's example, sparking a price war among Eurobond firms.

Elsewhere, the World Bank launched a Y80bn five-year deal, fungible with an outstanding Y75bn issue, to create the largest Euroyen issue and a new short maturity benchmark.

The deal, lead-managed by Nikko Europe, carries a 6 per cent coupon and was reoffered to investors at a fixed price of 101. At this level, the yield is 5.73 per cent, close to where the outstanding bonds were trading in the secondary market.

Participants in the deal said institutional demand within Europe was strong, while the lead manager reported buying from several central banks. The deal traded up to 101.10 during the day before falling back to 101.02 bid by the close.

INTERNATIONAL BONDS

While big supranational borrowers dominated the international bond market yesterday, Telebras, the Brazilian state-owned telephone company, made a cautious return.

The company launched its second Eurodollar bond offering, a conservative $100m two-year deal lead-managed by Salomon Brothers.

The deal was much less ambitious than the company's first outing in the international bond market, a $200m transaction with an average life of 3.5 years, in September at a yield spread of 4.9 per cent more than US Treasury paper.

The bonds issued yesterday can be put back to the company after just one year and were priced to yield 5.88 per cent more than one-year US Treasury bills.

Participants reported firm demand for the shorter-dated, higher yielding bonds following a period when demand for Latin American bonds has been subdued.

Nafinsa, the Mexican state financing agency, was also in the market yesterday, launching a $100m five-year deal linked to the Mexican stock exchange. Lead-managed by Bankers Trust, the issue offers bonds paying a 6 per cent coupon and warrants on the stock exchange.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	[illegible] %	Price	Maturity	Fees	Book runner
US [illegible]						
EIB(a)†	[illegible]	$7\frac{1}{2}$	[illegible]	2001	-	ABN Amro
Nafin Securities(b)#	[illegible]	6	[illegible]	1996	$2\frac{1}{4}/\frac{1}{4}$	Bankers Trust Int.
Telebras(c)†	[illegible]	$10\frac{1}{4}$	99.80	1993	$1/\frac{1}{2}$	Salomon Bros.
Isetan(a)†	55	6.4	$101\frac{1}{4}$	1997	$1\frac{7}{8}$/1.55	Nikko Europe
[illegible] Int.Fin.Aust.(d)‡†	50	[illegible]	$101\frac{7}{8}$	2001	-	Sumitomo Asia
YEN						
[illegible]	80bn	6	101	1996	25/15bp	Nikko Europe
Toyo Sash(a)†	30bn	6.4	101.45	1999	$1\frac{7}{8}$/1.675	Nomura Int.
D-MARKS						
Rabobank Nederland(a)†	250	$8\frac{1}{4}$	$102\frac{3}{8}$	2001	$2\frac{1}{2}/1\frac{1}{2}$	Schweizerischer B'Verein
SWISS FRANCS						
Nippon Data Kiki(f)**§	35	$4\frac{1}{4}$	100	1996	-	UBS
Tohwa Industry(g)**‡†	10	(g)	$101\frac{1}{2}$	1996	-	Mitsubishi Bk (Switz)

**Private placement. §Convertible. #With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Amount - up [illegible] linked [illegible] Stock Exchange. Non-callable. c) Put option after 1 year at par. Coupon payable semi-annually. d) Callable 19/12/94 at par. Coupon pays 50bp over 6-month Libor for first 3 years, then fixed at $9\frac{1}{4}$% thereafter. e) Fungible [illegible]. Non-callable. f) Put option 31/3/94 at $100\frac{1}{2}$% to yield 5.686%. g) Coupon [illegible] Libor. [illegible]

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in [illegible] show [illegible] stocks per section)	Thursday December 5 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. [illegible] (Act at [illegible])	Est. P/E [illegible] (Net)	xd adj. 1991 to date	Wed Dec 4 Index No.	Tue Dec 3 Index No.	Mon Dec 2 Index [illegible]	Year ago (approx) Index No.
1	CAPITAL GOODS (179)	723.13	-0.8	[illegible]	6.75	[illegible]	33.34	728.92	734.48	736.96	727.03
2	Building Materials (23)	854.55	+0.1	8.16	[illegible]	16.55	41.75	853.72	867.68	868.83	987.27
3	Contracting, Construction (29)	900.97	-0.6	8.31	8.40	17.64	51.30	906.47	919.86	931.98	1153.67
4	Electricals (10)	2316.13	-0.2	10.41	6.38	12.23	98.23	2321.64	2304.96	2318.52	1905.78
5	Electronics (25)	1619.10	-0.9	11.42	5.89	11.10	52.97	1633.45	1609.51	1622.34	1535.49
6	Engineering-Aerospace (8)	323.16	-0.4	17.35	8.04	6.96	18.52	324.61	326.03	322.71	401.31
7	Engineering-General (43)	449.29	-1.4	10.76	5.59	11.45	17.78	455.46	452.10	451.40	371.43
8	Metals and Metal Forming (9)	302.07	-0.4	2.17	11.65	-	25.21	303.14	308.86	310.87	411.28
9	Motors (12)	278.98	-2.5	9.28	8.63	14.31	17.56	286.10	289.73	289.98	300.32
10	Other Industrial Materials (20)	1447.47	-1.0	8.31	5.66	14.31	58.79	1461.56	1486.36	1493.20	1259.91
21	CONSUMER GROUP (190)	1540.21	-0.4	7.65	3.67	16.16	38.15	1546.00	1536.72	1522.63	1236.20
22	Brewers and Distillers (23)	1874.08	-0.5	9.04	3.71	13.39	39.79	1884.28	1860.50	1854.76	1572.85
25	Food Manufacturing (19)	1176.50	-0.9	9.77	4.30	12.63	33.08	1186.83	1183.04	1175.35	1024.83
26	Food Retailing (17)	2392.66	-0.2	9.69	3.46	13.40	58.56	2397.58	2383.71	2384.33	2310.63
27	Health and Household (23)	4123.96	+0.7	4.99	2.34	23.01	72.62	4093.67	4054.03	3952.83	2546.92
29	Hotels and Leisure (24)	1224.60	-1.9	8.33	5.78	14.86	45.61	1248.40	1253.13	1259.32	1242.23
30	Media (25)	1404.91	-1.4	7.39	5.06	17.73	47.66	1424.28	1423.25	1420.03	0.00
31	Packaging, Paper & Printing (17)	719.62	-1.9	7.50	4.62	16.16	24.43	733.67	738.89	735.89	523.04
34	Stores (32)	969.93	-0.3	7.80	3.82	16.87	26.74	973.01	970.21	964.11	819.51
35	Textiles (10)	593.80	-1.6	7.79	5.23	16.39	21.18	603.51	598.90	593.19	437.17
40	OTHER GROUPS (112)	1168.68	-1.1	10.29	5.66	12.29	38.39	1181.32	1181.24	1185.69	1022.97
41	Business Services (13)	1370.06	-2.0	7.26	4.75	17.49	46.93	1397.74	1381.08	1368.72	0.00
42	Chemicals (21)	1370.05	-1.2	7.28	5.36	17.06	54.15	1386.48	1381.82	1379.77	1071.08
43	Conglomerates (11)	1277.45	-2.0	11.41	8.41	10.77	38.95	1303.29	1326.09	1360.67	1321.95
44	Transport (14)	2181.08	-1.1	5.88	5.17	22.38	79.12	2206.33	2190.27	2194.10	1926.88
45	Electricity (16)	1146.46	-0.7	15.64	5.88	8.32	27.53	1155.03	1152.55	1152.60	0.00
46	Telephone Networks (4)	1409.84	-0.3	11.13	4.45	11.73	28.34	1414.07	1420.75	1425.05	1180.40
47	Water (10)	2187.57	-0.5	19.33	7.21	5.70	131.43	2198.20	2184.95	2209.55	2168.71
48	Miscellaneous (23)	1731.75	-1.8	5.78	5.72	23.81	73.58	1764.22	1750.47	1743.90	1584.28
49	INDUSTRIAL GROUP (481)	1215.82	-0.7	8.80	4.83	14.25	37.70	1223.97	1221.81	1218.28	1046.74
51	Oil & Gas (19)	2197.48	-0.9	11.76	6.39	11.25	104.27	2216.43	2215.41	2234.35	2300.49
59	500 SHARE INDEX (500)	1301.50	-0.7	9.14	5.01	13.88	42.97	1310.53	1308.42	1306.43	1150.06
61	FINANCIAL GROUP (91)	693.16	-1.9	-	6.72	-	33.01	706.90	714.13	716.48	734.55
62	[illegible]	787.42	-2.4	5.06	6.74	38.72	37.46	806.85	822.38	830.09	782.09
65	Insurance (Life) (7)	1385.88	-1.7	-	6.11	-	63.68	1409.76	1415.98	1425.21	1337.96
66	Insurance (Composite) (7)	505.92	-1.9	-	8.62	-	32.94	515.55	514.30	504.77	641.45
67	Insurance (Brokers) (10)	970.07	-1.4	8.42	6.90	15.63	49.14	983.93	1001.96	993.29	1013.17
68	Merchant Banks (7)	453.38	-2.6	-	4.75	-	14.84	465.67	466.86	468.10	360.47
[illegible]	Property (35)	823.80	-1.1	6.12	5.70	23.79	28.81	833.37	837.56	845.96	986.87
70	Other Financial (16)	233.01	-1.3	11.36	7.51	11.07	11.85	236.00	236.86	236.56	253.18
71	Investment Trusts (70)	1138.67	-0.9	-	3.79	-	30.42	1148.53	1139.13	1125.89	1022.31
99	ALL-SHARE INDEX (661)	1156.71	-0.8	-	5.18	-	40.06	1166.58	1166.18	1164.78	1047.33

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 4	Dec 3	Dec 2	Nov 29	Nov 28	Year ago
FT-SE 100 SHARE INDEX♠	2407.0	-16.8	2418.4	2386.9	2423.8	2420.2	2414.9	2420.2	2428.6	2177.5

FIXED INTEREST

	PRICE INDICES	Thu Dec 5	Day's change [illegible]	Wed Dec [illegible]	Accrued Interest	xd adj. 1991 to [illegible]
	British Government					
1	Up to 5 years (28)	122.14	+0.11	122.00	2.44	10.75
2	5-15 years (27)	135.26	+0.53	134.55	3.01	11.84
3	Over 15 years (8)	144.12	+0.69	143.14	2.89	11.50
4	Irredeemables (6)	157.44	+0.53	156.62	1.19	13.68
5	All stocks (69)	133.45	+0.40	132.92	2.82	11.60
	Index-Linked					
6	Up to 5 years (2)	167.04	-0.01	167.05	0.66	3.16
7	Over 5 years (9)	148.79	+0.24	148.43	1.21	3.83
8	All stocks (11)	150.17	+0.20	[illegible]	1.12	3.81
9	Debs & Loans (62)	112.68	+0.51	112.10	1.65	10.59

	AVERAGE GROSS REDEMPTION YIELDS		Thu Dec 5	Wed Dec 4	Year ago (approx.)
	British Government				
1	Low	5 years	8.80	8.82	9.54
2	Coupons	15 years	9.47	9.54	10.12
3	(0%-$7\frac{3}{4}$%)	20 years	9.47	9.54	10.15
4	Medium	5 years	9.86	9.92	10.83
5	Coupons	15 years	9.60	9.69	10.48
6	(8%-$10\frac{3}{4}$%)	20 years	9.55	9.63	10.40
7	High	5 years	10.08	10.15	10.95
8	Coupons	15 years	9.69	9.78	10.68
9	(11%-)	20 years	9.60	9.69	10.58
10	Irredeemables		9.67	9.72	10.37
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.94	3.93	3.82
12	Inflation rate 5%	Over 5 yrs.	4.31	4.32	4.16
13	Inflation rate 10%	Up to 5 yrs.	3.32	3.31	2.58
14	Inflation rate 10%	Over 5 yrs.	4.13	4.15	3.98
15	Debs &	5 years	11.37	11.43	12.61
16	Loans	15 years	11.20	11.26	12.40
17		25 years	11.03	11.09	12.19

♠Opening Index 2418.4; 9 am 2410.3; 10 am 2409.6; 11 am 2398.6; Noon 2395.9; 1 pm 2402.2; 2 pm 2402.2; 2.30 pm 2402.6; 3 pm 2408.3; 4.10 pm 2409.2; (a) 8.30am (b) 11.18am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991. CONSTITUENT CHANGES: ADDITION: Warner Howard Group (41), DELETION: Beazer (3).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	67	2	13
Other Fixed Interest	12	0	7
Commercial, Industrial	80	632	784
Financial & Property	24	315	437
Oil & Gas	6	37	48
Plantations	0	0	10
Mines	13	56	83
Others	8	45	93
Totals	210	1,087	1,475

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
100p	F.P.	-	102	101	Aberforth Sm. Co's. C Shs	101		84.5	-	5.9	-
-	[illegible]	-	98	[illegible]	BTR Warrants 1995/96	40	-6	-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

[illegible] Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official [illegible] 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other [illegible] unscribed dividend, cover and p/e ratio based on prospectus or other [illegible] figures. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. [illegible] Unlisted securities market. ♦ Issued in connection with reorganisation, merger or [illegible] at a premium. * Unregulated collective investment scheme. [illegible] Unit comprising of 5 [illegible] and 1 [illegible].

LONDON TRADED OPTIONS

Option		CALLS Jan	CALLS Apr	CALLS Jul	PUTS Jan	PUTS Apr	PUTS Jul
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Premiums shown are based on middle prices.

TRADITIONAL OPTIONS

[illegible] First Dealings Dec. [illegible]
[illegible] Dealings [illegible]
[illegible] March [illegible]
[illegible] March 16
For rate [illegible] see end of London [illegible]
[illegible] in [illegible], Berisford Intl., Carbo, Ferranti, Kunick, Lonrho, Midland & Scot. Res., Multitone Elects., NatWest. Bank and Principal Hotels. Puts in Bryant, Carlton Comms., Costain and Glynwed Intl. Puts and calls in Smith & Nephew and Willis Corroon.

TRADITIONAL OPTION 3-month call rates

	p								
INDUSTRIALS		Charter Cons.	42	ICI	95	Reed Intl	35	MEPC	42
Allied-Lyons	50	Comm Union	40	Ladbroke	21	Sears	$8\frac{1}{2}$	Mountleigh	4
Amstrad	6	Courtaulds	38	Legal & Gen	33	SmKl Bchm A	53	OILS	
Astec (BSR)	5	Eurotunnel	50	Lex Service	16	TI	39	Aviva Pet	3
BAT Inds	53	FKI	5	Lloyds Bank	30	TSB	11	BP	26
BOC	48	FNFC	10	Lonrho	20	Tesco	21	Burmah Castrol	47
BTR	33	Forte	21	Lucas Inds	12	Thorn EMI	65	Conroy Pet	8
Barclays	34	GKN	28	Marks Spencer	21	T & N	14	Gaelic Res	1
Blue Circle	20	Gen Accident	43	Midland Bank	20	Unilever	60	Premier Cons	4
Boots	38	GEC	16	NatWest Bank	26	Vickers	15	Shell	40
Bowater	65	Glaxo	110	P & O Dfd	41	Wellcome	60	Tuskar Res	1
Brit Aerospace	35	Grand Met	67	Racal Elect	6	PROPERTY		Ultramar	20
British Steel	10	GRE	14	RHM	23	Brit Land	27	MINES	
Brit Telecom	33	Hanson	17	Rank Org	55	Control Sec.	2	RTZ	48
Cadburys	35	Hawker Sidd	55	Ratners	12	Land Sec.	41		

هكذا من الأصل

Oftel calls for regulation over BT equipment supply

By Hugo Dixon

TIGHTER REGULATION of BT's £1.35bn a year equipment supply business to prevent anti-competitive cross-subsidies is expected [illegible] be announced today by Oftel.

The industry regulator has drawn up a [illegible]tatement on the subject which it plans to publish only hours before institutional investors have to put in their final bids in the government's £6bn BT share sale.

Oftel's statement will conclude an investigation into BT's business of supplying customers with telecommunications equipment. Many BT customers rent equipment – such [illegible] telephones and switchboards – from the company as well as making calls over its network.

The watchdog believes that its new regulations should not affect the government's share sale although they will be reasonably important in determining the [illegible] BT runs its business.

It is not known whether the timing of the statement has any connection with the share sale.

BT is already required to run its equipment supply business on an arm's length basis from its main business of carrying telephone calls. But Oftel is thought to have concluded that the existing regulations are not sufficient to prevent unfair cross-subsidies between the businesses.

The BT share prospectus revealed the existence [illegible] [illegible] investigation for the first time. The prospectus said BT believed the effect of the inquiry was "unlikely [illegible] be material".

So far 2.4m share applications have been counted from retail investors whose forms had to be delivered by Wednes[illegible] morning. The number [illegible] [illegible] to creep up [illegible] [illegible] more applications are counted, although it is unlikely to reach the 3m which government advisers had [illegible] predicting earlier in the week.

The average size of retail applications so far processed is for 560 shares, higher than expected. It is likely that these will have [illegible] be [illegible] by about a third when allocations are made over the week-end.

Arlen laps[illegible] into £527,000 loss

By Michiyo Nakamoto

ARLEN, the manufacturer and distributor of electrical accessories and light engineering products, reversed into loss at the interim stage as its electronics business suffered a fall in demand from customers affected by the recession.

[illegible] losses for the six months to September 30 were £527,000 compared with profits of £453,000 previously. The fall came despite a 26 per cent increase in turnover to £16.9m (£13.4m). The overall interest charge surged from £10,000 to £405,000.

The interim dividend is passed (0.5p). Losses per share were 2.31p (earnings of 0.64p).

This [illegible] time that Arlen has included the trading results of a full six months from Norbain Electronics, which it acquired earlier this year, and Highland Electronics, [illegible] electronics distributor with which it merged last year.

Highland has been badly hit [illegible] on its customer base among capital goods and consumer products man[illegible].

Haywood Engineering, [illegible] [illegible]making fastener manufacturer which was acquired in June of 1989, is being closed as there is no immediate prospect of recovery, the group said.

Equity [illegible] Law sets up direct sales force

By David Barchard

Equity & Law, the life assurance and investment management group owned by Axa-Midi of France, is to set up a [illegible] sales force.

At present Equity & Law sells its products via agencies and a [illegible] of independent intermediaries.

Half of the new sales force have been taken from the group sales team of Target, the former TSB subsidiary bought by Equity & Law earlier this year.

The sales force will expand to 200 by the end of next year and to 500 by 1995.

DIVIDENDS ANNOUNCED

		Current payment	[illegible]	[illegible]-ponding [illegible]	Total [illegible]	[illegible]
Airsprung	int	[illegible]	[illegible]	[illegible]	-	6.33
Alba	int	1†	Apr 27	1	-	4.35
Darby §	int	1.2†	Mar 6	1.2	-	3.3
Drummond	int	[illegible]	Jan 17	[illegible]	-	1
Eastern Elect	int	[illegible]	Mar 24	-	-	10.12
GrandMet	fin	14.3☆	Apr 6	12.8	22.7	20.4
GUS	int	12.75	Mar 25	12	-	37.5
Greycoat	int	2.3	Jan 24	2.3	-	5.2
In Shops	int	0.66	[illegible]	[illegible]	-	[illegible]
JS Pathology	int	1.8	[illegible]	1.8	-	5.5
Murray Split Cap	int	2.5	-	-	-	-
Phoenix Timber	int	nil	-	0.5	-	[illegible]
Pilkington	int	2.93☆	[illegible] 19	2.93	-	10.5
PowerGen	int	3.05	Mar 27	2.77	-	5.55
Radio Clyde §	fin	6†	Feb 14	5	8.25	8.25
Scapa	int	1.52†	[illegible] 24	1.5	-	5.29
Tiphook	int	4.4	Jan 31	3.5	-	13.8
Wellman	int	0.8	Feb 11	0.8	-	2.2
Westland	fin	2.75	Feb 17	[illegible]	[illegible]	3.75

Dividends [illegible] pence per share [illegible] allowing [illegible] scrip [illegible] capital increased by rights and/or [illegible] issues. §USM stock. ☆Carries scrip option

Quality Street in black with £222,000

By James Buxton, Scottish Correspondent

QUALITY STREET, the comp[illegible]y formed in 1988 with the backing of Nationwide building society to supply and manage private rented housing, has moved into profit for the first time. It is also reorganising [illegible] relationship with Nationwide.

QS was set up by Mr Paul Mugnaioni, formerly director of housing for Glasgow District Council. The com[illegible] has now invested £121m in 1,816 housing units all over the UK and claims [illegible] be Britain's "[illegible] provider of quality private rented [illegible]modation".

In the year to March 31 1991 it made pre-tax profits of £222,000 on rental income of £6m, after providing £700,000 against the cost of pro[illegible] under development. In [illegible] lost [illegible] on rental income of £1.3m.

When QS was set up, Nationwide took 25 per cent of the company's [illegible] capital and invested £2m in non-voting cumulative preference shares as well as allocating funds for mortgages on QS's [illegible].

Now Mr Mugnaioni, the chairman, and another director are buying back the ordinary shares from Nationwide, which is committing £150m in *long-term mortgage funding* on a rolling basis. QS is also raising £10m in [illegible] capital bond from an unnamed institution.

He [illegible] the change in the relationship with Nationwide would end the problem of QS "being seen as a subsidiary of Nationwide, even when we weren't" and would free the company from the provisions [illegible] the Building Societies Act.

Mr Mugnaioni said that QS had expanded [illegible] operations more slowly in 1990-91 because of the uncertainties of the property market in the south of England and the fact that the market in Scotland [illegible] until recently, still rising.

The company had occupancy levels of more than 90 per cent on its properties and Mr Mugnaioni said he was confident the market for quality renting would show strong growth.

GUS shows marginal advance to £186.6m

By Jane Fuller

GREAT UNIVERSAL Stores, the mail order, financial ser[illegible] and property group, made good [illegible] recent pledge to increase profits [illegible] the six months to September 30 – but only just.

Profit before [illegible] including *property gains of £4.1m* (£4.3m), increased by 2.5 per cent to £186.6m (£182.1m) on sales of £1.17bn (£1.18bn).

Mr Richard Pugh, chairman, predicted [illegible] last month's annual meeting that the results would be better than last year's.

Most [illegible] the divisional businesses, from UK and overseas home shopping [illegible] property rentals, reported slightly increased results.

Profits [illegible] split roughly equally between shopping – mail [illegible] and retail – and finance and property operations.

Home shopping saw pre-tax profit inch [illegible] to [illegible] (£78m), while the much smaller overseas retailing division advanced [illegible] £8.7m (£6.1m). Burberrys, however, slipped back by £200,000 to £11.8m.

Consumer and corporate finance, business information and investment income were virtually flat at £61.2m [illegible] *Property rental and* disposals accounted for £26.7m (£25.1m).

Mr Pugh said some improvement in trading profits had bal[illegible] the adverse effect of [illegible] rates on finance income.

The geographic breakdown showed that nearly 85 per cent of profit arose in the UK. Western Europe [illegible] for [illegible] per cent and [illegible] Far East and Africa for 6.2 per cent, leaving less than 2 per cent in North America.

Mr Pugh said there [illegible] signs" [illegible] more economic confidence, but it would be unwise to expect a rapid improvement [illegible] corporate and consumer demand.

He added: "It would [illegible] unrealistic [illegible] assume a [illegible] in the tempo [illegible] activity that accelerated the inflationary pressures [illegible] the last few [illegible] – indeed such a situation would [illegible] self defeating and would pose [illegible] more problems in the longer term."

Earnings per share advanced modestly to 50.7p (49.1p). The interim divided goes up by 0.75p to 12.75p.

● COMMENT

[illegible] A shares declined 4p yesterday [illegible] close at 1274p, continuing the dull performance of the [illegible] month. It seems a far cry since the stir [illegible] after the [illegible] in June [illegible] Sir Isaac Wolfson, the group's pioneering spirit. Then there was some excitement at the thought that the A shares might at last be enfranchised and that the group might begin to change into a more lively force. Neither wish has been [illegible] and [illegible] two negative pieces of sentiment. One [illegible] that [illegible] potential of its [illegible] pile is falling with [illegible] rates. The other, more serious, reserva[illegible] is [illegible] as the leader of the UK's mail order market, with 40 per cent, [illegible] is vulnerable [illegible] competition. This is looming larger since continental competition reached [illegible] UK with [illegible] purchase of Grattan by Otto-Versand and Empire by La Redoute. To be fair [illegible] GUS, its defensive qualities have been amply proved by 44 years of pre-tax profit increases, which it should marginally extend this year with [illegible] forecast [illegible] (£431.3m). With the end to the UK recession receding, maybe defensive qualities should not [illegible] out [illegible] fashion just yet. GUS is also bound up in general worries about the stores sector as companies try to grab Christmas sales by discounting and opening on Sundays. Although [illegible] prospective *multiple of nearly 11 does not* look demanding, [illegible] shares seem unlikely [illegible] much [illegible].

UK COMPANY NEWS

Juliet Sychrava reports on diverse results from two of the UK's recently privatised electricity generating companies

PowerGen pleases City with advance to £97m

POWERGEN yesterday reported pre-tax profits of £97m for the half year ending September 29, an increase of 15.5 per cent on [illegible] restated £84m last time.

The improvement in earnings per share to 8.45p (7.04p) was warmly welcomed in the City, while the dividend of 3.05p, up 10.1 per cent from 2.77p, was in line with expectations.

Operating profit before exceptional items improved by 23 per cent to £79m. Turnover grew 21 per cent to £1.35bn.

PowerGen's [illegible] selling price for [illegible] half [illegible] was [illegible] per unit, compared [illegible] 3.14p last year, and its market share improved, especially in the fossil fuel market, where it gained a 4.2 per ce[illegible] share from National Power.

There was [illegible] modest improvement in operating margins – operating profit per unit [illegible] up just over 11 per cent to 0.2p.

Manpower [illegible] by 7 [illegible] over the half year as more than 1,000 jobs [illegible] cut. The [illegible]pany anticipates saving [illegible] £20m in staff costs over the full year. Fuel costs fell by [illegible] 1.5p [illegible] unit, the [illegible] said.

PowerGen has cash balances of £210m, similar to the previous year, with capital expenditure of £167m primarily on its new gas-fired stations. Capital expenditure for the full year will be about £350m, with a similar figure over the next two years, the company said.

Provisions for station closures increased by £20m, making [illegible] provision [illegible]. The company is to press ahead with closures of older plant.

● Kinetica, owned jointly by Conoco (UK) and PowerGen, claims to have emerged as the largest independent [illegible] supplier. This is based on its purchase of output from the Anglia Field which came on stream on December 1, in addition to existing supplies bought on [illegible] swap basis from British Gas.

■ COMMENT

The upbeat tone of PowerGen's briefing yesterday provided [illegible]ething of a [illegible] National Power's [illegible] reserved presentation last week, and the City seems to be welcoming PowerGen's relaxed approach [illegible] the risk that the regulator might accuse the two [illegible] of artificially boosting pool prices. Mr Ed Wallis, the company's chairman, made it [illegible] he was prepared to face the regulator on the issue, and his defence – which pointed out how far above present pool prices the entry price for new stations is, and how modest the company's margin over 2p per unit coal costs was – seemed to convince analysts. His assertion that [illegible] was a growth rather than [illegible] yield stock [illegible] well received. Regulatory [illegible] aside, the company faces no obvious business risks since [illegible] all its power is sold on contracts. Meanwhile, the company's management of its portfolio [illegible] power stations [illegible] impressive: its plans to close high cost stations are clear and its new stations are on schedule. City forecasts for the full [illegible] pre-tax profit were broadly in a [illegible] - £345m range, putting the company on a prospective p/e of 7.3 to 7.4. The full year dividend is expected to rise by some 10 per cent to about 9.2p.

Trevor Humphries

Ed Wallis: prepared to face the regulator over prices

Eastern falls but expects to benefit from new contracts

EASTERN Electricity yesterday reported a fall, from £18.6m [illegible] £15.4m, in pre-tax profits for the half year to September 30.

Figures for the comparable six months were struck on a pro forma basis.

Earnings per share were 4.3p against 5.2p and [illegible] maiden interim dividend of 4.85p is declared.

The main reason for the decline in profits was the company's decision to carry the cost of buying more electricity contracts in the first half of the year.

This led [illegible] £52m loss in the supply business, compared with [illegible] £27m deficit [illegible] year.

However, the company estimated that the benefit of the [illegible] contracts, which protect the company from pool price fluctuations, would be [illegible] via [illegible] £10m increase in supply profits in [illegible] half.

Turnover was up by £72.5m [illegible] with underlying unit [illegible] ahead by [illegible] per cent.

The company estimated, however, that this sales growth would drop to 2.4 per cent over the full year.

Growth in domestic sales [illegible] particularly strong, at 6.5 per cent. Eastern said it expected to k[illegible] price increases to domestic consumers next April within the rate of inflation.

Operating margins fell from 4.29 per cent to 3.16 per cent. But Eastern has made some [illegible] cuts, reducing staff by 2.5 per cent, or about 200 people, and saving £1.4m in the contracting business.

The retail and contracting businesses made small profits, Eastern said, and it expected first profits from its generation [illegible] in 1994-[illegible].

The company's [illegible] expenditure fell from £50m to £44m, [illegible] gearing on net debt of £241m was down from 41.6 per cent pro forma to 34.4 per cent.

■ COMMENT

Caution [illegible] the keynote at Eastern's interim meeting yesterday. The company warned it might withdraw from a proposed power station joint-venture with Mobil, drew attention to the fact that it was incurring costs now to protect it from the pool later, and finally pointed out that its dividend had been set to ensure sustainable growth in the long term. That caution cannot hurt the company where the regulator is concerned – and the City is likely to view Eastern's low return on assets as another potential brownie point with [illegible] regulator. Being well protected against the pool, and pulling out of the Coryton gas-fired power station project at a time when doubts are being cast on the economics of many newer gas-fired projects, can only help the company in the long term. However, this is all somewhat negative cheer for a company which was, as one analyst put it, the jewel in the electricity crown with its excellent regional prospects and [illegible] cost cutting potential. Some in the City suggest management changes are due. Full year pre-tax profits are expected to be about £144m to £150m, putting the company on a prospective p/e of 7.2 to 7.3. Analysts are looking for a dividend rise of between 10.7 per cent and 12 per cent.

N American activities help lift Scapa to £20m

By Daniel [illegible]

CONTINUED expansion in North [illegible] helped Scapa Group, [illegible] specialist products [illegible] the printing [illegible] industries, to [illegible] per cent [illegible] in interim profits.

For [illegible] six months [illegible] end-September pre-tax profits [illegible] (£19.8m), although earnings per [illegible] slipped [illegible] from 6.88p to 6.18p reflec[illegible] the good performance of [illegible] company's Indian operation, which [illegible] per [illegible].

The [illegible] dividend [illegible] being increased by [illegible] the rate of profits growth to 1.52p (1.45p).

The proportion of the company's business in North America continued to grow.

"In North America, the product mix and the size of the market helped margins," said Mr Bill Goodall, Scapa's chairman.

North [illegible] turnover accounted for 39 per cent of the barely changed £141m total for the whole company.

Operating profits from [illegible] region were 57 per cent of the total.

UK margins suffered disproportionately. [illegible] here [illegible] aimed [illegible] the [illegible] business [illegible] towards general industrial applications.

[illegible] half would [illegible] little improvement.

The acquisition programme, however, would continue. The company is looking at purchases in its industrial materials division both in Europe and North America.

It hopes to make another acquisition soon.

In September, the company strengthened its balance sheet by refinancing much of its short term borrowings through a $100m (£56.4m) senior unsecured note issue. Some $60m has already been raised by the issue. A further $40m can be taken up before April 1992.

Gearing will still be less than 20 per cent after the completion of the £27m acquisition of Scandiafelt, one of its Swedish competitors.

The purchase, announced last month, will be completed at the end of January.

Airsprung retains bounce with 26% rise to £1.7m

Airsprung Furniture Group, the Wiltshire-based beds and upholstery company that moved from the USM to the main market in July, yesterday announced interim profits ahead from £1.35m to £1.7m pre-tax.

The 26 per cent expansion for the six months to end-September followed a 49 per cent jump in the outcome for the group's full-year. Turnover improved to £26.9m (£25.6m).

Mr John Yates, chairman, said the result had been achieved against a difficult period for the economy in general and the furniture trade in particular.

The second half had started well with sales and profits ahead of last year. Proceeds from August'[illegible] rights issue were us[illegible] borrowings, but [illegible] did not rule out acquisitions if the "right opportunity arises".

The interim dividend is maintained at 2.63p on the higher capital, payable from earnings per share of 9.82p (7.89p).

Provisions leave Greycoat £5.8m in the red

By Vanessa Houlder, Property Correspondent

GREYCOAT, the property [illegible] which has seen its share price fall by 70 per cent since March, [illegible]rday announced a pre-[illegible] of £5.8m for the [illegible] months to September [illegible].

The result, which compared with a pre-tax profit of £13.23m a year earlier, was scored after provisions of £7.97m against [illegible] it [illegible] curtailed. Most of these related to its [illegible] portfolio, with [illegible] further £2.23m stemming from retail properties in the UK.

Greycoat's share price has come under heavy pressure because 89 per cent of its portfolio is in the hard-hit central London [illegible] market [illegible] the City has been concerned [illegible] falling [illegible] could eventually require [illegible] renegotiation of its banking facilities.

The [illegible] emphasised [illegible] stability [illegible] funding. "Our financing programme has in the case of all our [illegible] major developments, carefully matched outgoing [illegible] payments to incoming rental income. Debt maturities [illegible] reasonably spaced over the next decade," it said.

Analysts were encouraged by the company's comment that a revaluation last month of its £200m Embankment Place building showed it had fallen by less than [illegible] since March.

The company's [illegible] from [illegible] to £21.7m, while [illegible] increased [illegible] £3.73m to £17.8m. For the first time, five months rental income [illegible] included for [illegible] Embankment [illegible] office building, which will be occupied next year by Coopers & Lybrand Deloitte.

Greycoat said its administration costs of £5.36m (£3.76m) could be cut by half over the next two years, as the company concentrated on investment rather than development.

It has decided not to commit more equity to its proposed Paternoster Square scheme, by St Paul's, which is seeking planning permission, and other projects at Moor House and Victoria Transport Interchange are on hold.

The share price advanced 3p to 115p. Losses per share were 2.9p (10.9p earnings) before provisions and 12p after. The interim dividend [illegible] maintained at 2.3p, payable from distributable profits from [illegible].

Steel Burrill Jones acquires broker for £33.4m

STEEL [illegible] Jones, [illegible] UK insurance and reinsurance [illegible] continued on its acquisition trail yesterday with [illegible] £33.4m purchase of Regis Low Holdings, another broker, writes Daniel Green.

The move [illegible] SBJ's position in the energy and marine insurance markets.

The payment to the [illegible] of Regis Low [illegible] in the [illegible] of 11.4m new ordinary [illegible] shares. Kleinwort Benson, the securities house, is placing 7.1m of these these with institutional investors at 285p per share.

The shares are being offered to existing shareholders on the basis of [illegible] for [illegible] 100 held.

The SBJ share price yesterday fell 11 to 305p.

Regis Low's turnover for the year ended September 1991 was £11.7m (£8.7m) while the consolidated pre-tax profit was £4.6m (£3.7m). Net assets were [illegible].

In 1990, SBJ made a pre-tax profit of £9.44m on brokerage income of £31.72m. The directors yesterday proposed a final dividend of 9p (8.25p) for the current year.

Mr Tony Keys, SBJ's finance director, said that the acquisition was earnings enhancing. On a pro forma basis, before cost savings, earnings would rise from 19p to more than 21p.

"We couldn't grow [our involvement in energy and marine] by staff recruitment. We had to make a purchase," said Mr Keys.

SBJ is not taking up Regis Low's 10.94 per cent stake in a third broker, Windsor. Buyers have been found for that holding.

Cautious In Shops declines to £1.05m

By Paul Cheeseright

IN SHOPS, the Birmingham-based property company which operates retail centres and serviced office buildings, yesterday reported pre-tax profits of £1.05m for the six months to September 30 compared with £1.91m last time.

Earnings per share fell from 3.74p to 2.05p. The figures are not necessarily a precursor of a fall of similar proportions for the full year. Historically, the company has made two thirds of its annual profits in the second half.

However, Mr Tim Brookes, chairman, was cautious about the trading prospects for the rest of the financial year.

Although profits were lower in the first half, turnover increased from £10.1m to £11.1m, a disparity of performance explained by the need to accommodate the extra costs of taking over two serviced office centres.

The interim dividend is maintained at 0.86p.

NEWS DIGEST

Improved UK showing lifts Alba

IN ITS seasonally unfavourable first half, Alba, the consumer electronics group, reported taxable profits [illegible] from [illegible] to [illegible].

The [illegible] for [illegible] months to end-September reflected improved trading conditions in the UK with encouraging performances by the Bush and Alba brands, which continued to build market share, and the Hinari domestic appliance division.

Overseas, Hong Kong-based Harvard Maritime reported sharply increased sales. Activities in Germany and eastern Europe showed a marked decline but were now showing signs of recovery.

Turnover amounted to £49.5m (£46.8m). The interim dividend is held at 1p, payable from earnings [illegible] per share.

Interest charges hit JS Pathology

A turnround to interest payable resulted in sharply [illegible] pre-tax [illegible] JS [illegible], the clinical pathology laboratory.

[illegible] six months to end-September – £728,000 against £1.74m – was struck after interest charges totalling a net £183,000, compared with income last time of £741,000, as the group [illegible] in [illegible] new equipment and computerisation.

Turnover amounted [illegible] £5.86m (£5.78m). Earnings per share fell to 3.7p (8.6p) but the interim dividend is maintained at 1.8p.

Euromoney link to WEF for magazine

Euromoney [illegible] and World Economic Forum have formed [illegible] joint company [illegible] publish [illegible] Link, the magazine of WEF.

World Link [illegible] published in 1988 as a platform [illegible] key members of the international [illegible] community, political and government leaders, and figures from academia and the media. It has 100,000 readership in [illegible] countries.

Euromoney will have a 20 per [illegible] shareholding in return for providing, as a loan, the working capital. Depending on the magazine's future profits, this stake could rise to 50 per cent; Euromoney expects this to happen by June 30 1996 for a cost of £1.1m.

Drummond swings back into black

Contributions from each [illegible] helped Drummond Group, [illegible] Bradford-[illegible] company, swing back into [illegible] pre-tax level in the half year to September 30.

[illegible] amounted [illegible] against [illegible] £550,000, although that figure was [illegible] after exceptional charges [illegible] £660,000 relating [illegible].

Turnover improved [illegible] (£18.1m) mainly reflecting the acquisition in January, [illegible] polyviscose [illegible] from Casket.

[illegible] emerged [illegible] 1.02p (9.27p losses); the interim dividend [illegible] per [illegible] 0.75p.

Murray Split Capital Trust

Net [illegible] value [illegible] capital [illegible] Murray Split [illegible] Trust [illegible] at the end [illegible] initial 21-week period [illegible] Net [illegible] the income shares was 55.32p.

Revenue before tax totalled £98,930. Tax took £73,054 leaving £25,876 available for income shareholders. Earnings per income share came out at 5.32p and a maiden interim dividend of 2.5p is declared.

Losses grow at slimmer Phoenix

Pre-tax losses at Phoenix Timber Group grew from £379,000 to £1.13m in the six months to September 30.

The company withdrew from importing and merchanting timber at the end of April and the operating losses from ongoing businesses were £467,000 (profits £395,000). Discontinued businesses contributed £230,000 last time.

Group turnover plunged to £12.9m (£31m) with ongoing businesses pitching in a lower £10.3m (£11.7m).

Mr Peter Quinn, chairman, said: "Following the reorganisation, the group will comprise a number of businesses which have [illegible] in the past the [illegible] to make [illegible]tory profits."

Extraordinary charges [illegible] £2.65m [illegible] represented [illegible] with the closure [illegible] the timber trading businesses. Losses per share totalled [illegible] (2.8p). The interim [illegible].

Delaney [illegible] £0.14m in third quarter

In [illegible] move to [illegible] "The somewhat confusing and conflicting statements being made daily by economists and political commentators", Mr Nathu Puri, chairman of Delaney Group, has released nine months results for this furniture making, retailing and shopfitting company.

Nathu Puri: underlying trend is improving

His intention is to demonstrate that "the underlying trend, as shown by the reduced operating loss in the latest quarter, is improving". Mr Puri anticipates that this will continue in the final quarter.

In the third quarter, turnover was £5.22m, the operating loss £58,000, exceptional credits (relating to settlement with Burton Group) £290,000, interest charges £83,000 and pre-tax profits £139,000. In the results for the six months to June 30, turnover was £11.1m, operating losses £460,000, interest charges £186,000 and pre-tax losses £646,000.

Darby suffers 56% fall to £406,000

Darby Group, the USM-quoted manufacturer of specialist glass products, returned profits of £406,000 pre-tax for the half-year ended August 31, a 56 per cent downturn on last time's £918,000.

Turnover of £9.42m compared with £7.07m. Earnings per share worked though at 2.67p (4.05p) and the interim dividend is a same-again 1.2p.

Wellman declines 70% to £344,000

Pre-tax profits of Wellman, the West Midlands-based industrial furnaces and process engineering group, were reduced by 70 per cent, from £1.17m to £344,000, in the six months to September 30.

Mr Geoffrey Iley, chairman, said that demand in many of the group's markets remained significantly depressed, but there were also exceptional costs of £387,000 relating to redundancies and reorganisation, which knocked profits down further.

Turnover fell [illegible] £13.7m (£15.1m) and trading profits dropped 34 per cent to £736,000 (£1.11m). Fully diluted earnings emerged at 0.7p (2.2p) but the interim dividend is held at 0.8p.

Regina cuts losses by more than £4m

Regina Health & Beauty Products, the USM-quoted royal jelly group, reported pre-tax losses of £505,000 for the 14 months to August 31 – a sharp reduction from the £4.7m losses for the year to June 30 1990.

Mr Shiraz Malik-Noor, who became non-executive chairman last December and assumed full executive control in March, imposed tighter controls and a new management team. He also injected £660,000 of fresh capital into Regina.

Turnover was down at £3.21m (£5.7m) but operating losses were cut to £196,000 (£641,000). Net interest payable fell to £57,000 (£285,000) while exceptional charges were sharply lower at [illegible] (£3.77m).

[illegible] per share totalled 0.29p (19.7p).

ATA Selection arm in liquidation

ATA Selection, the USM-quoted financial services and recruitment group, said it had put its recruitment subsidiary, [illegible] and Management Services, into voluntary liquidation.

ATA said the division was involved in the placement of sales, engineering and creative staff. Difficult trading conditions had caused last year's losses of £283,000 to increase to £650,000 in the 11 months to November – a level the board considered it would be irresponsible to continue to support.

Binatone increases Betacom stake

Binatone Holdings, the consumer electronics company owned by Mr Gulu Lalvani, has raised its stake in Betacom, the telecommunications supplier, to 18.5 per cent.

Binatone bought a 15.11 per cent stake in Betacom on Wednesday for an undisclosed sum from Grande Holdings, the Hong Kong electronics company controlled by Mr Stanley Ho, the casino tycoon. At market prices the stake is worth just over £1m.

Mr Lalvani, now based in Hong Kong, said he was in discussions with Cannon Street Investments, Betacom's main shareholder, which holds 29.9 per cent. He said he would fly to London in about 10 days to meet with Betacom's management.

"If I get co-operation from the management, I believe we can add synergy to the company because I know what they are doing wrong," Mr Lalvani said.

Betacom said yesterday that it was aware that Binatone had increased its stake but had no comment to make.

Radio Clyde declines to £1.4m

Profits of USM-quoted Radio Clyde Holdings fell to £1.4m pre-tax for the 12 months ended September 30, a decrease of 35 per cent on the previous year's £2.17m.

The group increased its broadcasting activities in April via the purchase of Radio Forth on a share-exchange basis.

[illegible] profits announced include [illegible] contribution from Radio Forth during the period since acquisition.

Group turnover improved from £8.38m to £9.45m. Earnings fell to 12.4p (22p) per share but a same-again final dividend of 5p maintains the total at 8.25p.

An extraordinary debit of £540,000 mainly reflected a write-down of the group's investment in Buzz FM.

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UK COMPANY NEWS

Westland winged by exceptional costs

By Paul Betts and David White

AFTER exceptional debits totalling £7m, pre-tax profits at Westland, the Somerset-based helicopter group, were down to £23.7m (£26.2m) in the 12 months to September 27. But Mr Alan Jones, chief executive, said the group was now "on a sound footing" following a recent Ministry of Defence order for *44 of its new EH101 naval helicopters*, made jointly with Agusta of Italy.

Fully-diluted earnings worked through at 11p (10.4p) per share. The total dividend goes up from 3.75p to 4p via a proposed final of 2.75p. Mr Jones said the move was "a signal that we have a good sound balance sheet."

However, he indicated that sales in the next 12 months were likely to be flat after increasing by £56m to £487m this time. Deliveries of helicopters were still going through a difficult period, and would be fewer in the coming year than the 19 handed over to customers in 1990-91. This compared to just [illegible] the previous year.

The workforce was cut from 9,800 to about 9,000 over the year.

Orders received fell from £452m to £407m, reflecting the drop in airline activity and defence spending cuts. However, Mr Jones said the group had won more repair and overhaul business than ever before, and this would become an increasingly important part of its operations.

He was optimistic about growth prospects for the EH101, indicating potential [illegible] of some 250 helicopters in the civil market, especially for the offshore oil industry, and more in the military market.

The group is expected to receive about £700m of the total £1.5bn value of the UK naval order order, for which IBM of the US is acting as prime contractor. Italy is expected to place an initial order soon, although substantially smaller than the UK contract, and negotiations are due to be held with Canada for up to 50 helicopters.

An announcement [illegible] while expected early [illegible] on [illegible] UK contract for [illegible]etween six and nine Sea King search-and-rescue helicopters, a sale long awaited by Westland to fill its order gap.

Receivers called in at Alan Paul

BANKERS TO Alan Paul have appointed receivers to the troubled hairdressing group, which has been the subject of an independent financial inquiry. Its shares were suspended last month, writes Peggy Hollinger.

Receivers Ernst & Young were appointed on Wednesday night. By yesterday morning they had already agreed to sell Essanelle, the hairdressing chain purchased by Alan Paul a year ago for £8.8m in shares, [illegible] FDB Friseurdienstleistungsbetriebe, [illegible] German investment company, [illegible] sum.

Mr Arthur [illegible], Alan Paul's chairman, and Mr David Bell, [illegible] director, will retain their positions under the new [illegible] company.

Alan Paul [illegible] placed [illegible] administrative receivership following [illegible] refusal of [illegible] provide funds [illegible] a restructuring planned by Mr Fabricant, who took over as the company's chairman less than a month ago.

Mr Fabricant came to the Alan Paul board through the Essanelle acquisition.

Alan Paul owed its main banker, Royal Bank of Scotland, about £1.5m and had provided a form of cross guarantee for loans to franchisees amounting to £11m as of September.

In addition, the group has debts from franchisees totalling £1.7m on [illegible] books. Alan Paul supported [illegible] had [illegible] paying for stock [illegible].

[illegible] Alan Paul approached the banks for financing it was apparent that the company had been losing money.

"There was a feeling [illegible] the banks that [illegible] wasn't worth pouring all that money into the company to pull it out of trouble," said one source close to the company.

Rapid rise and fall of the likely lads

Peggy Hollinger on the fast-moving hairdresser that looked a 'snip'

EVERYTHING [illegible] Alan Paul has moved at top speed – from the sleek red Ferrari, licence plate USM 1 and once [illegible]en by its Liverpudlian founder – to the announcement yesterday that the receivers had been called in just over two years after the hairdresser came to the Unlisted Securities Market.

The receivers may not have noticed that the stationary on which they announced their news listed founder Mr Alan Moss as chairman.

In keeping with the culture of a fast-moving company, that post has changed hands twice in the last two months.

Mr [illegible] first [illegible] called for an independent financial inquiry by accountants Coopers & Lybrand Deloitte, and then quit after just three [illegible] in the job.

Obviously, there have [illegible] more serious items on [illegible] agenda before changing the stationary.

Alan Paul came to the USM in 1989 at 140p [illegible] become Britain's only quoted hairdresser.

Brokers enthusiastically hailed the shares as "a snip". [illegible] company [illegible] "stylish number" and its founder and [illegible] managing director, Mr Michael [illegible], [illegible] high-flying likely lads [illegible] Liverpool.

The shares were consistently tipped as a good bet – even as recently as July. Investors were wiser than the tipsters, however, and the £5.3m rights issue in August fell flat on its face. Just six weeks later, the company warned that [illegible] would be significantly lower than had been expected.

Some of the investors' uncertainty may well have been fuelled by th[illegible]up's rapid expansion in [illegible] years.

Alan Paul was founded in 1970 by the then 20-year-old Mr Moss, who unabashedly admits he became a hairdresser "to meet women".

The recently qualified stylist – renowned for his own bouffant hairdo, snappy dressing and magnetic charm – borrowed £3,500 from the bank, which together with his own £200 savings, was used to buy his first salon.

In 1985, Mr Moss moved into franchising – the quickest [illegible] to expand when finance is tight for an unknown, ambitious company.

By the time it came to market, Alan Paul boasted 60 salons, 52 cosmetics shops and a handful of cafes in the backrooms of the hairdressing outlets.

Before the receivership and sale of Essanelle, the [illegible] had 437 salons, 87 cosmetic shops trading under the name of Body [illegible] Face [illegible]ce, and 13 Blue Berry's Brasseries.

Once public, Alan Paul dazzled the market with a series of profit numbers that seemed almost too good to be true. Profits rose 69 per cent in the first year after flotation. Behind the numbers lay a barrage of acquisitions – Essanelle, with operations in the UK and Germany, increased the group's turnover by nine [illegible] overnight just last year – and the growing franchise network.

Questions over the methods by which [illegible] ran its franchises are part of the investigation by Coopers.

Bankers are beginning to wonder whether the value of those businesses had been overstated.

The Royal Bank of Scotland, Alan Paul's main banker, has a policy not to lend 100 per cent of the franchise price. Yet it is believed that several franchisees obtained 100 per cent loans based on a valuation of the business which now appears to have been inflated.

"The company appears to have a large negative value," [illegible] one source [illegible] the company.

Furthermore, accusations from hairdressing franchisees that bills which should have been paid from their business accounts were left delinquent by head office has done little to calm fears.

Many franchisees are now facing severe financial difficulty and the Body and Face Place has been making significant losses for at least a year.

Meanwhile, Mr Moss and Mr Rowland continued to delight the media with flash cars and high society socialising.

Mr Rowland, an avid show jumping fan, was a driving force behind the company's joint sponsorship with its supplier, Wella, of Mr Nick Skelton, one of Europe's leading showjumpers. Some £30,000 a year was paid out by Alan Paul on that particular investment.

The company's [illegible] were also encouraged to follow [illegible] management's example, with company cars such as BMWs and Ferraris.

A source close to the company said Mr Moss's first successor as chairman, Mr Brian Solomon, had to dispose of a "small car museum" when he took over.

But it was the Body and Face Place that eventually tolled the bell. When Mr Solomon arrived after the profits warning, it soon became apparent that losses were mounting.

The salon business was also suffering, despite [illegible] company's [illegible] support franchisees [illegible] difficulty [illegible] contrary to optimism [illegible] recently [illegible] August [illegible] rights issue.

Mr Solomon's successor, Mr Arthur Fabricant – less than a month in the job – has had the unwelcome task of watching the company go under.

"I realised it might, but I didn't think it was inevitable," he said yesterday.

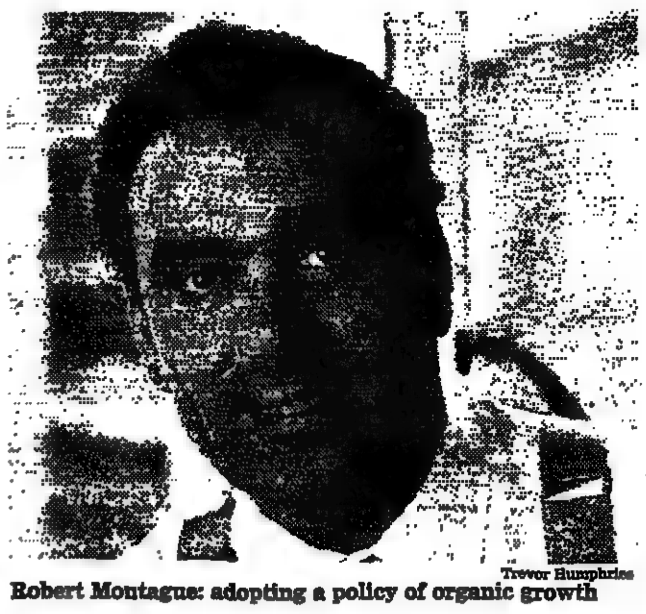
His efforts at a restructuring met with little sympathy from bankers, who decided to withdraw all facilities and asked for repayment of all loans. As a result, administrative receivers Ernst & Young were called in.

Now the jokes in the City are running rather more disparagingly, such as "Hair today ...", "Wash and Go" and so on.

As for how the City now sees Mr Moss and Mr Rowland? Probably as brash boys from Merseyside.

Growth in container division behind 56% advance at Tiphook

By Michiyo Nakamoto



Trevor Humphries

Robert Montague: adopting a policy of organic growth

GROWTH IN [illegible] division [illegible] main factor behind a 56 per cent increase in interim pre-tax profits from [illegible] Tiphook, the container and trailer rental [illegible].

The global spread [illegible] the business helped the group weather the recession, although its trailer operations were [illegible] by [illegible] economic [illegible] in [illegible] UK, said Mr [illegible] Montague, Tiphook's [illegible] chairman.

Softness in the French market was another predominant factor in the [illegible] months [illegible]ber 31.

The higher profits came on a 19 per cent increase in turnover to £155.6m. Earnings per share rose 20 per cent to 26.3p (21.9p) [illegible] interim dividend is increased to 4.4p (3.5p).

The company reduced [illegible] interest charge to £24m from £57m at the year end by repaying some debt from the proceeds of a preference share issue in April, *it said.*

Interest cover is unchanged at 1.9 times but interest will be "comfortably [illegible] covered" [illegible] year end. Gearing [illegible] just [illegible] 300 [illegible] cent, [illegible] as well.

[illegible] bulk [illegible] in profits came from [illegible] container division, which saw particularly buoyant inter-Asian [illegible]. Tiphook is the world's second largest container rental company with 16 per cent of the world market. It increased its container fleet by 7 per cent in the first half and expects growth to reach 20 per cent for the full year.

This increase in volume brought economies of scale which benefited the operating margin.

The trailer rental activities were hit by the effects of the recession in the UK, although this was offset to an extent by a buoyant German market.

Efforts in the first half were [illegible] on integrating Trailerent and United Rental, [illegible] trailer businesses which [illegible] acquired [illegible] UK trailer business.

Having aggressively increased market share through acquisitions, it [illegible] adopting [illegible] strategy [illegible] organically growing [illegible] business, according [illegible] Mr Montague.

The Rail Wagon Rental business, which rents [illegible] that can be loaded onto rail wagons, have not contributed to profits yet and is expected to be loss-making into the mid-1990s.

● COMMENT

[illegible] from yesterday's mar[illegible] Tiphook's [illegible]kling half-year [illegible] City has yet to come to [illegible] with the possibility that [illegible] highly-geared company doesn't [illegible] unnecessarily high risks. The level of profits increase [illegible] group has pro[illegible] certainly no [illegible] the current economic environment. The dividend increase [illegible] also a pleasant surprise. Granted [illegible] trailer [illegible] the business [illegible] what more worrying. [illegible] less, [illegible] prospects should be good as forthcoming regulatory changes on [illegible] Continent will enable the [illegible] the [illegible] of consolidating [illegible] 10 national [illegible] into one large European operation. [illegible] full-year forecast of £102m gives a prospective multiple of 6, which looks cheap. However, the shares took a beating a few weeks ago as rumours circulated – all vehemently denied by the company – about such [illegible] depreciation policy and currency exposure. [illegible] has persisted about the vulnerability [illegible] rental business in a recession. *It will* take some time for the City to come round to the realisation that high gearing and exposure to the UK market do not necessarily have to be the evils they seem.

BOARD MEETINGS

TODAY

Interims- Avesco, Marina Dev, Reed Executive, Umeco.

Finals- [illegible] Rosebaugh, [illegible] & [illegible]ley.

FUTURE DATES

Interims-

Cray Electronics	Dec. 10
Sigs	Dec. 10
Peupel Trading	Dec. 17
Harland Simon	Dec. 12
Learmonth & Burchett	Dec. 12
Mosaic Invs	Dec. 16
Scott Pickford	Dec. 10
Siam Selective Growth	Dec. 10
Sterling Publishing	Dec. 12
Tinsley (Eliza)	Dec. 12
United Inds	Dec. 16
Yorkshire Electricity	Dec. 18
Finals-	
Central Motor Auctions	Jan. [illegible]
Richards	Dec. [illegible]
Watson & Philip	Dec. [illegible]

Third quarter limits fall to 2% at Smith & Nephew

By Andrew Taylor

PRE-TAX PROFITS of Smith & Nephew, the international medical and healthcare products group, fell by 2 per cent to £91.1m during the 40 weeks to October 5.

The results reflected a steady improvement since the first quarter when profits fell by 8 per cent from £29.5m to £27.2m. By the half-year this decline had been cut to 5 per cent.

Mr Eric Kinder, chairman, said that profits during the third quarter had risen by 3 per cent compared with the corresponding three months last year.

Pre-tax profits after nine months would have been lower but for interest charges more than halved from £7.1m to £3.3m.

Borrowings since the beginning of last year have been reduced from £165m to £85m as a result of improved cash flow which has been achieved by reducing stock levels and improving working capital, the group said.

Turnover during the first nine months of this year increased by 6 per cent to £589.2m.

Attributable profits, after all deductions, including a £9.7m extraordinary item against disposals of peripheral businesses, fell from £52.5m to £51.4m.

Earnings per share for the first three quarters fell from 6.4p to 6.1p.

Mr John Robinson, chief executive, said that sales to hospitals in the US and continental Europe were particularly strong with good demand for orthopaedic implants (replacement hips and knees etc) and wound-healing products such as sophisticated dressings.

Sales of consumer products, notably toiletries under the Nivea brand name, had been depressed, however, by the recession, particularly in the UK.

The UK hospital market was growing but not as rapidly as in the US and continental Europe.

The group said that it expected to see an improvement in consumer sales next year but in the meantime it had "maintained its market share overall".

Mr Kinder said: "The competitive advantage of our innovative technical products has enabled us to improve both sales and market share. While the recession has had an adverse effect on parts of our business, worldwide healthcare markets provide excellent long-term growth prospects."

NHL axes 135 jobs in cost cutting plan

By David Barchard

National Home Loans, the troubled mortgage and financial services group, has made 135 of its 900 staff redundant.

Mr Kevin Milner, chief executive, said the redundancies would affect all divisions of the group.

"New lending has been cut to a minimum in all areas of the business and this has inevitably led to staff redundancies," Mr Milner said.

Last month NHL announced pre-tax losses of £47.9m in the year to September after making bad debt provisions [illegible] £88.7m, up from £7.3m in 1990.

The group said then that it was considering a range of options for its future, from an outright sale to a restructuring and refinancing. Mr Milner said yesterday that so far no decision had [illegible] taken.

Drinks lead way in GrandMet's 5% improvement to £963m

By Philip Rawstorne

GRAND Metropolitan's wines and spirits division, IDV, led *the group's robust trading* performances which pushed full-year pre-tax profits up 5 per cent to a record £963m.

Wines and spirits increased trading profits by 16 per cent to £454m (£391m) on turnover 7 per cent higher at £2.43bn (£2.27bn). Volumes were 2 per cent higher in spite of adverse trading conditions in the UK and US, and margins improved from 17.3 to 18.7 per cent.

J&B Scotch whisky, Bailey's Irish Cream liqueur and Smirnoff vodka were the star performers behind a 30 per cent growth in continental European profits and [illegible] 10.4 per cent rise in North America.

The North American food business – including Pillsbury, Green Giant, Haagen-Dazs, and Alpo – increased trading profits by 21 per cent to £216m (£178m).

In Europe, profits declined *by 9.7 per cent, due mainly* to the UK recession, to £84m (£93m).

Haagen-Dazs ice-cream consolidated its position as leader in the super premium sector and is expected to achieve worldwide [illegible] $1bn (£560m) in the next four years.

In the retailing division, Burger King maintained its share in [illegible] competitive US market, increasing profits 9.6 per cent from £125m [illegible] £137m. It [illegible] comprises [illegible] stores worldwide. Pearle [illegible] recorded [illegible] loss of £7m.

Profits of the GrandMet managed pubs estate, to which 330 pubs from Courage were added, were ahead 38 per cent at £106m (£77m).

The group's share of the Inntrepreneur joint venture's losses was £11m.

There was a reduction in property profits from £79m to £18m, reflecting the virtual completion in 1990 of the pub disposal programme.

Exceptional profits of £35m included gains on the sale of flour mills and two pizza brands in the US, partially offset by £6m reorganisation costs in the retail sector.

A £226m extraordinary charge arose mainly from brewing and pubs restructuring and a £23m provision against the group's investment in International Brewing Holdings (formerly Harlin).

Earnings per share rose 3.1 per cent to 66.1p (64.1p).

● COMMENT

GrandMet's buccaneering days are over – at least for [illegible] while. The [illegible] is [illegible] clearly focused on core businesses and operational principles of building brands, cutting costs, and developing new products. Any acquisitions are now designed to buttress existing activities; disposals [illegible] unexploitable clutter from [illegible] portfolio. The [illegible] suggest [illegible] group's management should [illegible] in [illegible] drive [illegible] organic growth from [illegible] helter-skelter acquisition programme. If [illegible] food operations can achieve local currency growth of 30 per cent in food, and 21 per cent in drinks, in [illegible] year of such adverse economic conditions, [illegible] should [illegible] much more to come with economic recovery. [illegible] City's first target of £1.08bn pre-tax this year certainly [illegible] look unduly optimistic. It puts G[illegible]et on a prospective p/e of 11.7, still at an unjustified discount to the market.

COMMODITIES AND AGRICULTURE

UK poised to sign gas export treaty

By Deborah Hargreaves

THE UK government is poised to sign a treaty in the next weeks that will allow the first export of gas from the UK to the Continent.

The government will ratify a deal with the Dutch government [illegible] has taken [illegible] years to negotiate for the export of up to 260m cubic metres of gas from the Markham field to the Netherlands. It may pave the way for other companies to sell North Sea gas to the rest of Europe.

Ultramar, the UK-based diversified oil and [illegible] company facing [illegible] £1.17bn bid from fellow exploration company Lasmo, has agreed contracts to sell the gas to Dutch state company, Gasunie, and Germany's Wintershall, a division of the BASF chemicals group.

The company, which owns 38 per cent of the overall Markham field that straddles the UK–Dutch border in the North Sea, expects to start producing gas from the £200m development in October next year. Ultramar has so far drilled two of the four wells that will begin producing from its Markham platform next year.

By 1994, the company expects to be producing from five additional wells in an adjacent block which will be linked to the main platform via an unmanned satellite rig. The estimated reserves for the whole field are put at 700bn cubic feet of gas.

The gas will be transported from Markham to a main pipeline owned by Wintershall.

The Markham platform may set the standard for future developments in the area since, although it is in Dutch territory, it conforms to high UK safety standards.

It also adheres to Dutch environmental standards, which are the highest in the world. These mean that it must process all sewage before discharging it into the sea, as well as processing rain water that falls on deck, to extract any pollutants before releasing it to the sea.

Ultramar plans to spend £400m on capital expenditure for its exploration programme in the next five years.

● The overall cost for developing the Hamilton/Douglas oil and gas field in the Irish Sea just off Liverpool could amount to £1bn in the next five years, Ultramar said yesterday.

The company, which owns a 30 per cent share of the fields along with Monument Oil and Gas and Hamilton, estimated the gas field contain 760m cubic metres of gas and the oilfield holds 176m barrels.

The operators are due to award a contract for the design of a platform for the Hamilton gas field and are awaiting planning permission for a gas processing plant at Point of Ayr in North Wales. The gas has been contracted to PowerGen for a new gas-fired station at Connah's Quay on the Welsh coast.

Study casts doubt on claims for cow drug

By Nancy Dunne in Washington

A REPORT based on partial and "previously secret data" from a University of Vermont study contends that one herd of cows injected with the growth hormone bovine somatotropin (BST) had a shorter milking life, more illness and gave birth to more dead and deformed calves than other cows.

Mr Andrew Christiansen, a Vermont state representative who wrote the report, said that it provides "the firmest evidence yet that the BST cow drug is not what its manufacturers claim."

Mr Christiansen is a part time staff member of Rural Vermont, a farm group which has long opposed genetically engineered drugs [illegible] are supposed to increase [illegible] production.

Mr Christiansen's report is based on information obtained from a researcher at the University of Vermont, which is under contract with Monsanto Co., one of the producers of BST.

The universi[illegible] has conducted several BST tests but has refused to release the test results, despite [illegible] from the agriculture committees [illegible] the V[illegible] legislature.

The [illegible]ation given to [illegible] Christiansen was studied by [illegible] David Kronfeld, a veterinarian with Virginia Polytechnic Institute.

It contained some of the findings of a four-year study of 56 cows, but it did not reveal the injection schedule or the dosages.

However, it found that the cows and female offspring had greater difficulty than is normal in giving birth and that the female offspring of the cows injected had produced three deformed calves.

Mr Christiansen [illegible] that the resu[illegible], alth[illegible] incomplete, raised several questions, "none of which can be satisfactorily answered until all information is made available."

This is only one study of many being made across the US, [illegible] it is important [illegible] examine [illegible] findings of [illegible] multigenerational [illegible]ts, he [illegible].

As it has in Europe, the prospect of more productive cows concerns US dairy farmers. They [illegible] that [illegible] and low prices will [illegible] out of [illegible].

The US Food [illegible] Drug Administration has not yet approved BST for commercial sale, but Mr Christiansen said that approval [illegible] come as early [illegible] this [illegible] because of the pressure being applied by the drug manufacturers.

Milk marketing reforms gather momentum

Bridget Bloom highlights factors which have raised expectations of real change

ATTEMPTS to reform Britain's antiquated milk marketing system have made glacial progress during the last two years. The threat of European Court action which would split the 60-year-old cartel at the scheme's centre may mean that the ice is at last beginning to break.

A clear statement by the UK government that the two sides must act soon, coupled with the sudden resignation last month of the MMB's chief executive, and the appointment of the new and controversial adviser, may add to the momentum.

For months the two main parties to the scheme, the Milk Marketing Board for England and Wales and the Dairy Trade Federation, have been locked in a stubborn contest about how the system should be reformed to meet the challenges of the 1990s; the most important of which is the imminent European single market.

In the last 10 days, the two sides have started talking at the most senior level; last week the DTF played host to the 18-member MMB Council at a dinner at Sandown race course, near London. It was agreed that "substantive negotiations" should begin next Monday.

Since it was formed in 1933, the MMB and the DTF, representing the dairies and processors, have enjoyed the cosiest of cartels, under which all milk is bought and sold through monopoly arrangements guaranteeing the processors minimum profits.

So accustomed have the participants become to these arrangements, it is no surprise that they have failed so far to agree on reforms.

The board comprises representatives of 30,000 dairy farmers, many of whom remember the 1930s depression. It proposed in 1990 to transform itself into a single voluntary co-operative.

Co-operative setback: Mr Bob Steven

That idea was rejected out of hand by the DTF as merely replacing a statutory with a voluntary monopoly.

The DTF also objected to the board's intention to retain ownership of dairy crest, its wholly owned subsidiary, which has a 25 per cent share of the UK manufactured dairy products market.

Since Mr Bob Steven, MMB chairman, publicly aired the co-operative idea in July 1990, the board, encouraged by the UK government, has taken the concept to the EC Commission in Brussels where the commission found it wanting on several counts.

The board then failed to follow through, either by changing its plans or discussing them with the DTF. Nor did the DTF put forward proposals of its own.

As one close observer put it: "they were in a state of acute paralysis," adding that "the MMB especially was like a rabbit in front of a stoat."

If this spell has now been broken, it will be because of a combination of government, EC and market pressure and a growing realisation by the board in particular that the reforms it offers will have to be more radical.

The cartel has bred inefficiency, complacency and a lack of competition. The threats to its continued existence range from the frustration of many of its more progressive members (both farmers and processors) at its limitations, to the direct challenge of the single market which may put the whole industry at the mercy of the more efficient dairy industries in other member states.

Of the recent events portending change, by far the most important has been the EC Commission's challenge to the board's monopoly, likely to end up in the European Court of Justice.

The commission has stated its belief, in the form of a reasoned opinion, that the MMB does not hold the statutory right to buy and sell low fat milk: a commodity unheard of when the board was given rights over whole milk in 1933 and insignificant even 40 years later when the commission agreed, on Britain's entry to the EC, to endorse the monopoly arrangement. Today, however, low fat milk constitutes [illegible] per cent of liquid milk sales. The MMB itself estimates that it will [illegible] 50 [illegible] cent by 1994.

[illegible] acknowledge [illegible] if the commission's judgment [illegible] confirmed by the court, [illegible] monopoly would be at an end; few observers believe that the case could be decided in the board's favour.

Speaking for the industry: Mr Andrew Dare

The commission's action has provided Mr John Gummer, Minister of Agriculture and a champion of change, with useful ammunition. In a speech to the annual lunch of the DTF on November 6, Mr Gummer effectively said that he was rejecting the commission's reasoned opinion only so that the board would negotiate appropriate reforms to the whole system with the DTF.

He did not want the [illegible] system to "collapse into [illegible]" but if people argued that "the government's response to the reasoned opinion represents a reduction in our desire to see change, they would [illegible] very wrong".

While the government is [illegible] in a position, because of [illegible] forthcoming general [illegible]tion, to legislate the abolition of [illegible] monopoly if the industry does not change itself, most observers believe there is at most 12-18 months, if court action is to be avoided.

There is also the possibility of the commission taking interim measures to compel acceptance of its findings on the low fat issue.

While none of the main participants wants to detail new reform proposals, all acknowledge that the commission's action may prove the "catalyst for change". Those are the words used by Mr Brian Smith, the new president of the DTF, while the MMB's Bob Steven speaks of the commission's action as "a dagger at our heart".

Ironically, the appointment of a new adviser to the MMB may provide the clue to the future.

The appointment of Mr Andrew Dare, immediate past president of the DTF, shocked the industry. Dare makes plain his opposition to the single voluntary co-operative proposals, as well as to that putative co-operative's retention of Dairy Crest. In that, he still speaks for the industry.

The principal idea now being canvassed centres on the transformation of the MMB into several regional co-operatives as well as splitting up Dairy Crest into two or more parts, a substantial percentage of whose shares would be publicly floated.

As a transitional measure, it is possible that the current pricing system will be replaced by something more transparent.

In a scheme of extraordinary complexity and inefficiency, prices are currently fixed - at 24 different levels - according to the use to which the milk is put.

The resolution of these two issues in a way that is satisfactory to the board, to the DTF, to the government, and to the commission as well must be at the heart of any new reform plans.

Malaysia sees output of tin fall by 28%

By Lim Siong Hoon in Kuala Lumpur

MALAYSIAN TIN output fell by 28 per cent to 16,060 tonnes in January to September compared with the same period last year, reflecting the worst production crisis afflicting the industry in more than 40 years.

Official forecasts of 23,000 tonnes for the full year fall almost 20 per cent below the 28,566-tonne export allocation from the Association of Tin Producing Countries.

Heavy monsoon rains mean that mining activity during the last quarter tends to be lower than in previous quarters.

At its peak, Malaysian output reached almost 77,000 tonnes in 1972; it last fell below 28,000 tonnes during the sec[illegible] world [illegible].

Malaysia's September output stood at 1,632 tonnes, down 4.4 per cent from August's 1,708 tonnes, according to official statistics.

The ATPC agreed in October to a 9.1 per cent reduction to 87,901 tonnes in 1992 export limit, with the biggest cut, in absolute terms, coming from Malaysia. Its quota dropped 13 per cent to 24,840 tonnes, while Indonesian allocation was reduced by 1.4 per cent from 28,376 to 27,966 tonnes.

Although the smaller export quota may bring down the level of world stocks to, according to ATPC estimates, 37,000 tonnes this month and 27,000 tonnes by end-1992, tin prices continue to remain weak.

On the Kuala Lumpur Tin Market, spot prices closed lower yesterday at M$14.65 a kilogram, compared with M$14.87 in October's average prices and M$15.03 in January.

Malaysia has forecast improved prices in 1992 to an average of M$15.60 a kilogram provided, analysts said, the US [illegible] within limits the [illegible] from its 165,000-tonne stockpile [illegible] the [illegible] Logistics Agency (DLA).

The DLA disposed of 2,700 [illegible] last [illegible] and [illegible] tonnes from January to August this year.

Russian oil venture may prove pioneer

By David Lascelles, [illegible] Editor

MORGAN GRENFELL, the [illegible] merchant bank, [illegible] advising a [illegible] which may [illegible] integrated [illegible] oil [illegible] with a listing on a western stock exchange. The Siberian Oil Corporation has been founded by 21 Russian organisations and Eurosov, a Guernsey-based company backed by Australian and US oil interests.

The Soviet backers include production, exploration, refining, pipeline and financial enterprises, as well as local administrations in the Tyumen oil region of Siberia. The company's main assets will be the right to exploit and develop a Siberian oilfields with reserves estimated at 3.8bn barrels.

Indian tea industry faces shortfall

By Kunal Bose in Calcutta

THE INDIAN tea industry, which is largely dependent on the Soviet Union for export, has been told by the government to be prepared for a shortfall of between 20m and 30m kg in the Soviet purchase of Indian teas in 1992 in 1990.

Out of India's total tea export of 200m kg, the share of the Soviet Union was as much as 120m kg.

According to Mr P Chidambaram, minister of state for commerce, the industry will have to override the crisis arising from any shortfall in Soviet purchase by shipping more teas to the general currency area markets.

While it is still not known what will be the precise trading arrangements with the Soviet Union during 1992, the tea industry has been advised to be ready to deal with the republics separately. Mr Vijay Dudeja, spokesman for the industry, believes that any dislocation in Indian export to the Soviet Union may only be temporary, since the latter's tea consumption is more than 210m kg. According to Mr Dudeja, India will be exporting 110m kg of tea to the Soviet Union in the current year. India's tea export will, however, be higher at 209m kg against 200m kg in 1990.

New Delhi's message to the [illegible]ustry is that, in keeping [illegible] the country's new trade policy, it must step up exports to other countries.

There is a consensus in the industry that in spite of stiff competition from Sri Lanka, [illegible] and Kenya, India can [illegible] more tea in the UK, Egypt, Iran, Japan, Germany and the US. Keeping in view that Sri Lanka, and perhaps China also, is exporting more tea than India, Mr Chidambaram has advised the industry to aim for the slot of "highest exporter of superior quality, value added tea."

It is important for India to identify target markets for Darjeeling, Assam and South Indian teas. The introduction of separate logos is the first step in this direction.

It appears likely that India will be harvesting a tea crop of nearly 740m kg in 1991, compared with the target of 735m kg [illegible] last year's crop of 714m kg. [illegible] the [illegible] in production are [illegible] for by the estates [illegible] the initial setback in production in North India has been made good. The quality of the north Indian crop, however, leaves much to be desired.

OBITUARY

Mining director and war hero

SIDNEY Spiro, [illegible] long-time director of [illegible] Anglo-American Corporation and of De Beers Consolidated Mines, died in London on Monday at the age of 77.

Mr Spiro, who was awarded the Military Cross during the second world war, had inter[illegible] beyond mining. He was a [illegible] of merchant banking [illegible] South Africa, and a governor of the University of Cape Town Foundation. In politics he was seen as a liberal. He [illegible] friends around the [illegible] least because of his [illegible] and cultural interests.

He is survived by his wife and two daughters. A service of thanksgiving will take place at St Paul's, Knightsbridge (Wilton Place) at noon on Tuesday, December 10.

WORLD COMMODITIES PRICES

MARKET REPORT

The premium [illegible] over [illegible] disappeared yesterday on [illegible] LME [illegible] recent squeeze appeared [illegible]. The [illegible] near four-month [illegible]. Dealers said the imposition of a £25 limit on the daily backwardation has prompted [illegible] freer lending. However, it will [illegible] some [illegible] clear [illegible] direction [illegible] emerge. Aluminium was steady, with three-month metal finding support on dips below $1,100 a tonne. Traders said some of the buying came from consumers. The market will be keeping a close watch both on today's LME stocks data to see if the recent accelerated pace of increases [illegible] and [illegible] Tuesday's IPAI producer [illegible] figures for [illegible]. Zinc [illegible] off the day's [illegible] buying. [illegible] said the [illegible] been under [illegible] liquidation and sell-stops prompted by [illegible] opening [illegible] a [illegible]. The [illegible] for a [illegible] to [illegible] coupled [illegible] a possible imminent lifting [illegible] Peru's [illegible] majeure [illegible] downtrend. But [illegible] $1,180 appeared to trigger [illegible] fresh support [illegible] prices [illegible] sharply.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil [illegible]		+ or -
Dubai	[illegible]	-.025
Brent Blend [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
W.T.I. [illegible] pm [illegible]	[illegible]	[illegible]
Oil products (NWE prompt delivery per tonne CIF)		+ or -
[illegible]	$215-217	-1
Gas [illegible]	[illegible]	-1
[illegible] Fuel Oil	$74-75	[illegible]
Naphtha	$187-189	-1½
Petroleum Argus Estimates		
Other		+ or -
Gold [illegible] troy [illegible]	[illegible]	[illegible]
[illegible]	405.50	[illegible]
[illegible]	[illegible]	-0.30
Palladium (per [illegible])	$83.60	[illegible]
[illegible] Producer)	109.0c	
Lead [illegible]	[illegible]	
[illegible] (Kuala Lumpur market)	[illegible]	-0.01
Tin [illegible] York)	[illegible]	
Zinc (US [illegible])	[illegible]	
[illegible]	106.39p	-0.12*
Sheep [illegible] weight)†	150.77p	+5.17*
[illegible] (live [illegible])	[illegible] 12p	+4.07*
[illegible] (raw)	[illegible]	-1
[illegible] daily [illegible] (white)	[illegible]	-1
[illegible] Lyle export price	£239	-1
[illegible] (English [illegible])	[illegible]	-1.25
[illegible] (US No. 3 [illegible])	[illegible]	
[illegible] Dark Northern)	£101	
Rubber (Jan)♥	50.50p	-0.50
[illegible] (Feb)♥	50.75p	[illegible]
Rubber (KL RSS No 1 Jan)	219.5m	-0.5
Coconut oil (Philippines)§	$900z	+5
Palm Oil (Malaysian)§	$370u	
Copra (Philippines)§	$387.5	+2.5
[illegible] (US)	£148	+1
[illegible] "A" [illegible]	61.85c	-0.15
[illegible]	415p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jan t-Sep/Dec u-Feb/Apr x-Nov/Dec y-Jan/Feb z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Mar	199.20	199.40	200.80	198.00
May	197.00	197.00	197.00	196.00
Aug	199.00	198.40	197.40	197.00
White	Close	Previous	High/Low	
Mar	279.5	280.2	280.4	279.0
May	279.5	281.0	280.9	279.1
Aug	284.0	284.9	284.5	
Oct	284.6	285.0	285.0	

Turnover: Raw 236 (627) lots of 50 tonnes. White 583 [illegible]
Paris- White (FFr per tonne): Mar 1549.21, May 1565.62

CRUDE OIL – IPE			[illegible]
	Latest	Previous	High/Low
Jan		19.39	
Feb		19.33	
Mar		19.24	
Apr		19.10	
May		19.05	
Jun		18.93	
Jul		18.90	
IPE Index		19.64	

Turnover 16585 (29856)

GAS OIL – IPE			$/tonne
	Latest	Previous	High/Low
Dec		184.50	
Jan		186.25	
Feb		185.00	
Mar		180.50	
Apr		175.25	
May		173.50	
Jun		173.75	
Jul		174.75	
Aug		177.25	

Turnover 17488 (15891) lots of 100 tonnes

FRUIT & VEGETABLES
Spania Navelina oranges are an excellent buy this week at 12-35p each reports the FFVIB. Other good fruits include satsumas at 40-45p a lb, kiwifruit at 15-25p each, Golden Delicious apples 55-60p a lb and Cox at 50-70p a lb. Leeks are a good buy at 40-55p a lb as are carrots at 15-20p a lb, swede at 15-20p a lb and Brussels sprouts 25-30p a lb. Celtic cabbage is 18-20p a lb with Savoy cabbage 20-25p a lb. Iceberg lettuce is this week's best salad buy at 70-89p each depending on size. Celery is superb at 30-50p a head, along with Chinese leaves at 50-60p a lb and [illegible] at 50-60p each.

COCOA – London FOX			[illegible]	
	[illegible]	[illegible]	High/Low	
Dec	741	736	[illegible]	732
Mar	780	780	785	775
May	801	802	[illegible]	[illegible]
Jul	825	827	830	825
[illegible]	840	850	853	846
Dec	[illegible]	879	[illegible]	874
Mar	[illegible]	[illegible]	[illegible]	902
May	[illegible]	[illegible]	[illegible]	911
[illegible]	938		940	938
[illegible]	933	955	956	950

Turnover: 5949 (6002) lots of 10 tonnes
[illegible] indicator prices [illegible] tonne). Daily [illegible] for Dec.4 [illegible] 10 [illegible] average for Dec.5 948.96 (949.45)

COFFEE – London FOX			[illegible]	
	Close	Previous	High/Low	
[illegible]	[illegible]	1075	1075	[illegible]
Mar	1035	1039	1030	[illegible]
[illegible]	[illegible]	1002	1007	[illegible]
Jul	[illegible]	1004	[illegible]	[illegible]
[illegible]	1025	1010	1012	1007

Turnover: 1860 (1462) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.4 : Comp. daily 85.43 (85.75) 15 day average 85.34 (85.22)
Sterling close: January £811 , March £ 835

POTATOES – London FOX			[illegible]
	[illegible]	[illegible]	[illegible]
Mar	118.5	[illegible]	[illegible]
Apr	[illegible]	118.9	[illegible]
[illegible]	[illegible]	140.0	

Turnover 195 (98) lots of 20 tonnes.

SOYAMEAL – London FOX			[illegible]	
	Close	Previous	[illegible]	
Dec	125.50		127.00	125.50

Turnover 25 (80) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Dec	15.95	[illegible]	15.95	15.80
Jan	16.45	16.50	16.50	16.40
Apr	[illegible]	[illegible]	16.60	16.50
BFI	15.64	15.74		

Turnover 109 (119)

GRAINS – London FOX			£/tonne	
Wheat	[illegible]	[illegible]	[illegible]	
Jan	124.40	124.50	124.50	124.00
[illegible]	[illegible]	128.70	127.90	[illegible]
May	[illegible]	131.30	130.75	130.55
[illegible]	[illegible]		132.55	
[illegible]	[illegible]		109.90	
Barley	Close	Previous	High/Low	
Jan	[illegible]	[illegible]	[illegible]	
Mar	[illegible]	[illegible]	[illegible]	
May	[illegible]	[illegible]	[illegible]	

Turnover: Wheat 247 (498), Barley [illegible].
Turnover lots of 100 Tonnes.

PIGS – London FOX	(Cash Settlement) p/kg		
	[illegible]	Previous	High/Low
Jan	[illegible]	102.5	103.0
Feb	[illegible]	103.8	104.5
Mar	[illegible]	[illegible]	
Apr	108.0	107.0	
[illegible]	108.0	107.0	
[illegible]	[illegible]	[illegible]	

Turnover:15 (0) lots of 3,250 kg

[illegible] – London FOX				
	[illegible]	Prev.	High	[illegible]
Index	131.81	[illegible]		

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
[illegible] 99.7% purity ([illegible] per tonne)					Total daily turnover 24,232 lots	
Cash	[illegible]	1074-5		1076-7		
3 months	1101-2	1100-1	1108/1097	1101-1	1108-7	136,472 lots
Copper, Grade A (£ per tonne)					Total daily turnover 38,203 lots	
Cash	1292-3	1305-7	1298/1292	1298-9		
3 months	1255-7	1289-2.5	1209/1261	1265-6	1260-1	105,168 lots
Lead (£ per tonne)					Total daily turnover 2,071 [illegible]	
[illegible]	297-7.5	298-7	298.75/298.75	298.5-8.75		
[illegible]	305.25-5.5	304.5-5.5	305/304	305-4	306-6	15,098 lots
Nickel ($ per tonne)					Total daily [illegible] 2,987 lots	
Cash	7000-100	7055-70		7025-35		
[illegible]	7100-10	7085-100	7100/7059	7080-5	7100-10	18,189 lots
Tin ([illegible] per tonne)					Total daily turnover 758 lots	
Cash	5470-80	5475-85		5475-80		
[illegible]	[illegible]	5525-30	5530/5525	5520-30	5525-30	4,902 lots
Zinc, Special [illegible] Grade [illegible]					Total daily turnover 7,502 lots	
Cash	1205.5-6.5	1222-4	1211/1210	1211.5-3.0		
[illegible]	[illegible]	1203-5	1197/1178	1188-9	1189-90	[illegible] lots
LME Closing £/$ rate						
SPOT: 1.7940		3 months: 1.7685		6 months: 1.7410		9 months: 1.7120

LONDON BULLION MARKET		
(Prices supplied by N M [illegible])		
Gold (fine oz) $ price		£ equivalent
Close	364.50-365.00	
Opening	365.70-366.00	
Morning fix	365.75	204.421
Afternoon fix	364.75	203.672
Day's high	366.10/366.40	
Day's low	363.70/364.00	

Loco Ldn [illegible] Gold Lending Rates (Vs US$)			
1 month	[illegible]	6 months	4.15
2 months	4.41	12 months	4.10
3 months	4.30		

Silver fix	p/fine oz	US cts equiv
Spot	[illegible]	404.75
3 [illegible]	232.35	409.45
6 [illegible]	236.50	414.20
12 [illegible]	[illegible]	424.10

GOLD COINS		
(Prices supplied by Engelhard Metals)		
	$ price	£ equivalent
Krugerrand	364.75-365.75	204.00-204.50
Maple leaf	375.00-378.00	209.50-210.00
New Sovereign	85.00-87.00	48.00-48.50

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jul	Mar	Jul
1000	110	146	7	12
1100	43	79	37	41
1200	11	36	103	85
Copper (Grade A)	Calls		Puts	
2150	[illegible]	146	18	44
2200	72	80	51	85
2300	31	51	109	145
Coffee	Jan	Mar	Jan	Mar
950	62	67	1	12
[illegible]	23	26	12	33
[illegible]	5	12	44	67
Cocoa	Mar	May	Mar	May
750	54	78	45	[illegible]
775	40	62	36	[illegible]
800	[illegible]	51	52	[illegible]
Brent Crude	Jan	Feb	Jan	Feb
1950	[illegible]		40	82
2000	10	57		110
2050			95	120

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Dec	367.4	365.1	367.8	364.3
Jan	368.5	366.4	0	0
Feb	370.0	367.9	370.2	366.6
Apr	372.3	370.4	372.8	369.3
Jun	374.9	3372.8	374.0	371.9
Aug	377.4	375.3	0	0
Oct	379.9	377.8	0	0
Dec	382.5	380.4	0	0
Feb	385.2	383.1	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	369.3	367.3	369.4	367.5
Apr	371.8	369.8	372.6	370.8
Jul	374.3	372.3	0	0
Oct	380.3	376.8	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Dec	402.6	400.4	403.5	401.5
Jan	404.4	402.2	0	0
Feb	406.1	404.0	0	0
Mar	407.7	405.7	409.0	405.5
May	411.4	409.5	412.0	411.0
Jul	414.8	413.0	417.5	414.5
Sep	418.5	416.7	0	0
Dec	424.1	422.3	425.0	424.0
Jan	426.2	424.3	0	0
Mar	430.2	428.2	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	98.50	100.55	100.30	98.40
Jan	98.60	100.40	99.80	98.50
Feb	98.50	99.90	99.50	98.40
Mar	98.45	99.80	99.35	98.10
Apr	98.35	99.55	99.00	98.60
May	98.10	99.05	98.80	97.50
Jun	97.85	98.65	98.00	97.90
Jul	97.85	98.55	98.40	97.80
Sep	97.50	98.05	98.00	97.30

CRUDE [illegible] (Light) 42,000 US [illegible] $/barrel				
	[illegible]	[illegible]	High/Low	
Jan	[illegible]	[illegible]	20.93	20.38
Feb	[illegible]	[illegible]	20.84	20.30
Apr	[illegible]	[illegible]	20.51	20.08
Jun	[illegible]	[illegible]	20.36	20.00
Sep	[illegible]	[illegible]	20.15	[illegible]

HEATING OIL 42,000 US [illegible], cents/US galls				
	Latest	Previous	High/Low	
Jan	[illegible]	6033	[illegible]	[illegible]
Feb	[illegible]	6081	[illegible]	[illegible]
Mar	[illegible]	5915	[illegible]	[illegible]
Apr	[illegible]	5670	[illegible]	[illegible]
May	[illegible]	5469	[illegible]	[illegible]
Jun	[illegible]	5360	[illegible]	[illegible]
Aug	[illegible]	5420	[illegible]	[illegible]
Sep	[illegible]	5545	[illegible]	[illegible]
Oct	[illegible]	5650	[illegible]	[illegible]

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Dec	[illegible]	1229	[illegible]	1232
Mar	[illegible]	1276	[illegible]	1272
May	[illegible]	1310	[illegible]	1310
Jul	[illegible]	1346	[illegible]	1345
Sep	[illegible]	1388	[illegible]	1372
Dec	1417	1408	[illegible]	1407
Mar	[illegible]	1439	1448	1448
May	[illegible]	1461	0	0
Jul	[illegible]	1484	0	0
Sep	1516	1509	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	77.40	78.80	78.25	76.75
Mar	81.55	82.55	83.00	81.50
May	84.40	85.30	85.70	84.30
Jul	87.30	88.10	88.30	87.10
Sep	89.80	90.75	90.75	89.80
Dec	93.95	94.75	94.00	93.95
Mar	96.60	97.40	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	9.06	9.11	9.17	9.04
May	8.93	8.98	9.03	8.92
Jul	8.91	8.93	9.02	8.90
Oct	8.90	8.92	9.00	8.90
Mar	8.85	8.88	8.94	8.91
May	8.81	8.84	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Dec	57.15	57.47	57.50	56.80
Mar	58.57	59.46	59.46	58.35
May	59.70	60.47	60.45	59.61
Jul	60.82	61.35	61.35	60.40
Oct	63.05	63.26	63.05	62.75
Dec	63.45	63.79	63.80	63.30
Mar	64.65	64.83	0	0
May	65.30	65.77	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
[illegible]	165.75	165.00	165.75	153.90
[illegible]	166.75	165.80	166.75	165.00
[illegible]	166.50	165.60	166.50	164.75
Jul	166.25	165.10	166.25	165.60
[illegible]	164.65	163.50	0	0
[illegible]	154.05	153.50	0	0
[illegible]	152.45	152.25	152.00	152.00
[illegible]	152.45	152.25	0	0
[illegible]	152.45	152.25	0	0

INDICES				
REUTERS (Base: [illegible] 18 1931 = 100)				
	Dec.5	Dec.4	mnth ago	yr [illegible]
	1626.4	1642.3	1690.0	1716.5
DOW JONES (Base: Dec. 31 1974 = 100)				
	Dec.4	Dec.3	mnth ago	yr ago
Spot	115.28	115.28	112.98	122.75
Futures	121.70	122.31	121.70	124.30

Chicago

[illegible]BEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jan	557/6	[illegible]	[illegible]	[illegible]
Mar	564/0	[illegible]	[illegible]	[illegible]
May	570/4	[illegible]	[illegible]	[illegible]
Jul	577/0	[illegible]	[illegible]	[illegible]
Aug	579/0	[illegible]	[illegible]	[illegible]
Sep	580/4	[illegible]	[illegible]	[illegible]
Nov	583/2	[illegible]	[illegible]	[illegible]
Jan	593/0	[illegible]	[illegible]	[illegible]

SOY[illegible] OIL [illegible] lbs; cents/lb				
	Close	Previous	High/Low	
Dec	[illegible]	19.72	19.79	[illegible]
Jan	[illegible]	19.81	19.83	[illegible]
Mar	[illegible]	20.09	20.16	[illegible]
May	[illegible]	20.35	20.45	[illegible]
Jul	[illegible]	20.60	20.66	[illegible]
Aug	[illegible]	20.75	20.76	[illegible]
Sep	[illegible]	20.70	20.80	[illegible]
Oct	[illegible]	20.70	20.95	[illegible]

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Dec	173.3	174.7	175.1	172.9
Jan	171.4	172.7	173.3	171.2
Mar	170.2	170.8	172.0	169.8
May	170.6	171.1	172.2	170.3
Jul	172.5	172.6	173.7	172.2
Aug	173.2	173.3	174.6	173.2
Sep	173.5	173.2	175.0	173.3
Oct	169.5	165.5	169.5	169.5

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Dec	239/0	239/4	241/0	238/6
Mar	248/0	248/6	250/0	247/6
May	254/6	255/4	256/4	254/2
Jul	259/2	260/6	262/0	259/0
Sep	256/6	257/2	258/2	256/6
Dec	254/6	255/0	256/0	254/0
Mar	261/2	261/4	261/6	261/2

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Dec	391/6	390/2	399/0	390/2
Mar	385/2	383/4	388/4	383/4
May	361/6	360/4	365/0	360/4
Jul	326/6	329/2	333/0	326/4
Sep	334/0	333/4	336/4	333/0
Dec	346/4	346/4	346/4	346/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	72.75	73.20	73.35	72.37
Feb	73.65	74.10	74.40	73.15
Apr	73.37	73.65	74.05	73.10
Jun	69.52	70.22	70.20	69.30
Aug	67.87	68.50	68.55	67.80
Oct	68.37	68.90	68.90	68.30
Dec	69.50	70.10	69.90	69.30

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Dec	41.60	41.55	41.85	41.42
Feb	41.05	40.97	41.40	40.82
Apr	39.12	39.12	39.47	38.95
Jun	44.55	44.72	44.80	44.32
Jul	44.65	44.80	44.90	44.55
Aug	43.50	43.55	43.65	43.45
Oct	40.40	40.55	40.75	40.35
Dec	41.25	41.55	41.40	41.25

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	37.72	37.97	38.30	37.40
[illegible]	37.82	38.17	38.30	37.65
May	39.02	39.25	39.35	38.65
Jul	39.50	39.65	39.70	39.05
[illegible]	38.17	38.75	39.10	38.17

LONDON STOCK EXCHANGE

Nervous rally follows initial setback

By Terry Byland, UK Stock Market Editor

CONCERN over interest rates and the growing problems in the UK corporate sector combined to overwhelm the London stock market in early trading yesterday. Tensions were heightened when one leading marketmaking firm marked share prices down heavily and some institutions began to offer stock across the broad range of the blue chip issues.

The session started badly with the market alarmed by the dramatic developments in the Maxwell situation and by the Bundesbank's [illegible] to postpone its customary press conference until later in the day.

A fall in the FT-SE Index was quickly extended to nearly 37 points as traders brushed aside an important support level at 2,400. At the day's low, the Footsie touched 2,386.9 but the market rallied as interest rates were held unchanged in Germany and wild rumours of impending statements on the Maxwell situation proved entirely unfounded. Among a host of [illegible] deals [illegible] close was a 36m trade in Premier Oil (8 pc of the company), at about half the closing price.

By the close, the FT-SE Index had recovered to 2,407.0, for a net loss of 16.8. Traders reported some sizeable selling at first, when one UK house was believed to be attempting to operate a £100m selling [illegible]gramme.

However, much of the activity was between market making houses, several of which faced heavy losses when the Footsie collapsed. One house was struggling with a block of [illegible] in the banking sector.

Sentiment was still very nervous at the end of the day, in spite of the rally in the Footsie. The very large swings in the Footsie which have become a feature of London trading are hurting the marketmakers and reinforcing their unwillingness to take positions.

Next week brings the opening of an equity trading account extended to cover the Christmas break. Extended trading accounts are traditionally difficult for the traders, and share prices can move very quickly if the big houses cut stock positions.

Activity in stock index futures yesterday reflected hurried arbitraging by securities firms seeking protection in an erratic market.

The December future contract on the Footsie, which closed around 2,423, provided support for the market's relief that the 2,400 support level had once again proved solid – at least for the time being.

However, many equity chart specialists continued to warn of further falls in the stock market and there were few optimists about, even for the short term. The bank stocks, which have fallen by up to 20 per cent since early-November, suffered further losses yesterday on worries about dividend prospects.

Today brings a list of important statistics on the US economy. The UK market remains highly nervous of the outlook for Wall Street and for the Tokyo equity market.

At the beginning of next [illegible] data on domestic retail [illegible] and consumer credit are expected to provide a further guide to the elusive trend of retail business as the store groups move into the all-important Christmas selling season, when most of their annual profits are traditionally earned.

Confidence was [illegible] helped yesterday by the announcement that UK car sales fell last month by 14.4 per cent, year on year.

Account Dealing Dates		
*First Dealings:		
Nov 25	Dec 9	[illegible]
[illegible]		
Dec 5	Dec 23	Jan 9
Last Dealings:		
Dec 6	Dec 27	Jan 10
Account Day:		
Dec 16	Jan 6	Jan 20

*New-time dealings may take place from 8.30 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Dec 5	Dec 4	Dec 3	Dec 2	Nov 29	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	86.54	86.22	85.98	85.90	86.04	83.04	[illegible]	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.34	96.03	95.84	95.78	95.66	90.53	97.17 (2/10)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	[illegible]	1839.5	[illegible]	[illegible]	[illegible]	1717.9	[illegible]	[illegible] (16/1)	[illegible]	49.4 [illegible]
Gold Mines	[illegible]	168.1	168.9	[illegible]	171.4	[illegible]	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 [illegible]	[illegible]	2423.8	2420.2	2414.9	2420.2	2177.5	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	[illegible]	1105.53	1101.90	[illegible]	1107.23	-	1198.60 (3/9)	938.62 (16/1)	[illegible]	938.62 (16/1/91)
●Ord. Div. [illegible]	[illegible]	[illegible]	5.03	[illegible]	[illegible]	[illegible]				
●Earning Yld %(full)	[illegible]	7.45	7.48	7.52	7.49	11.74				
[illegible]	[illegible]	16.87	[illegible]	[illegible]	16.77	10.29				
SEAQ Bargns 4.45pm	24,252	23,283	23,570	23,180	23,237	24,660				
Equity Turnover(£m)†	-	926.82	900.63	837.93	970.56	1053.15				
Equity Bargains†	-	22,113	22,732	22,434	22,165	23,041				
Shares Traded (ml)†	-	[illegible]	428.6	307.5	440.4	455.0				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.66.

Ordinary Share Index, Hourly changes — Day's High 1834.4 — Day's Low 1803.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1834.4	1826.9	1826.7	1814.4	1821.2	1817.8	1817.6	1823.0	1824.3

FT-SE 100, Hourly changes — Day's High 2418.4 — Day's Low [illegible]

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2418.4	2410.3	2409.8	2398.8	2395.9	2402.2	2402.2	2408.3	2409.9

FT-SE Eurotrack 200, Hourly changes — Day's High 1097.60 — Day's Low [illegible]

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1095.93	1096.01	1092.37	1091.85	1094.23	1093.95	1095.55

GILT EDGED ACTIVITY

Indices*	Dec 4	Dec 3
Gilt Edged Bargains	67.4	75.7
5 – Day average	75.9	80.0

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

[illegible]

[illegible] the [illegible] volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one [illegible] rounded down.

Wellcome beats the trend

PHARMACEUTICAL group Wellcome stood out against the trend with the biggest rise among the FT-SE 100 constituents yesterday. The jump of 24 to 885p resulted from speculation that the group was seeking a full New York listing for its American Depositary Receipts (ADRs).

The shares are dealt in New York but only as "pink-sheet" ADRs, which do not have a quotation on trading screens. If they are given full listing they will be dealt on the floor of the New York Stock Exchange by a [illegible] who would make a market and provide a visible two-way price.

Shortly before the [illegible] close of trading in London, Wellcome put out a statement denying the rumour. A Wellcome spokesman said: "We have no plans to seek any listing outside London at the moment. This is something which the board reviews from time to time but it is not on the agenda at present."

There was also some talk that the company trustees, who hold 75 per cent of the shares, were about to release stock on to the market.

Banks fall again

There was no let-up for a battered and bruised banks sector after news that the Maxwell brothers, Kevin and Ian, had applied for an administration order for two of the most important of the Maxwell family private companies, Headington Investments and Robert Maxwell Group. "There was no real selling pressure on the news; every marketmaker had already chopped their prices to head off the sellers," said one dealer.

Bank shares have suffered from unrelenting selling for a number of weeks, hurt by a never-ending flow of bad debts from recession-hit industries, plus a flood of bad debts from private customers.

Earnings forecasts have been progressively lowered for many months, with the sector pushed down on Wednesday by a blanket downgrade of estimates by UBS Phillips & Drew. The latest Maxwell news caused more analysts to start factoring in the big banks' exposure to the Maxwell companies.

National Westminster, whose exposure to the Maxwell empire is put at around £280m, was given another beating yesterday but closed well above the day's worst after a flurry of bear closing. The stock fell to 246p, its lowest since [illegible], before ending 5 off at 260p. Turnover was 9.6m shares, the heaviest in a single [illegible] since last August.

Lloyds, with Maxwell loans of an estimated £190m-plus, fell 10 to 347p on 4.6m and Barclays, £150m exposed, gave up 2 to 3[illegible]. Midland, buffeted on Wednesday by a downgrade by Smith New Court, fell to 181p before ending 9 off at 187p.

Standard Chartered, one of the few strong performers among banks in [illegible] days, lost steam and retreated 19 to 388p.

This week's steep falls in share prices upset merchant banks with equity marketmaking divisions. S.G. Warburg lost 13 to 510p and Kleinwort Benson 15 to 268p.

Lonrho pressure

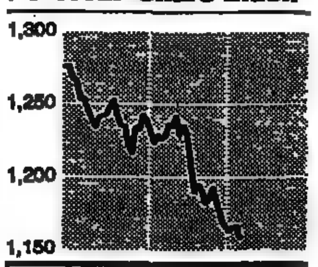
The downward pressure on Lonrho shares during [illegible] two trading sessions on the stock market intensified during initial [illegible] yesterday. This triggered renewed heavy selling of the stock and prompted a statement from the company that it knew of no reason for the sharp decline in its shares in the past two days.

Lonrho dropped to around the 148p mark during early trading, the lowest level since December 1987. Turnover spiralled upwards to reach 15m shares, by far the stock's heaviest in a single day since September 1989.

After the company's statement the shares stabilised and were eventually 18 lower on the day at 159p, making a three-day drop of 61.

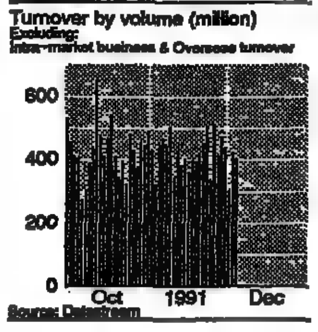
Dealers said the stock had continued to fall at the outset yesterday because of persisting worries about a [illegible] dividend cut and the balance sheet, and concern over metal prices.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Source: Datastream

Rank weaker

In spite of an £85m cash disposal yesterday, Rank Organisation failed to stem its declining trend and finished 17 weaker at 565p.

Market reaction was generally favourable to the sale of the group's motorway service stations, but Rank cannot shake off the stigma of [illegible] downgrades for the stock. However, a number of analysts foresee [illegible] at the 560p level.

[illegible] sentiment in the property sector was further weakened by a report from a leading West End surveyors' monthly analysis which saw no improvement in the near future in the London commercial letting market. MEPC, down 7 at 420p, and Land Securities, off 8 at 462p, both suffered as a result.

A badly executed selling order by a provincial broker was being blamed by City marketmakers on a fall of 16 to 84p for City [illegible]. Analysts, however, [illegible], attributing the decline to continuing worries over dividend payments at high yield property groups.

Helical Bar [illegible] 15 to 125p as stock offered in the market failed to attract any early takers.

Relief greeted the maintenance of Greycoat's interim dividend and the stock improved 3 to 115p.

A line of 9.9m Royal Insurance at 264p was said by one dealer to have been an incorrectly reported trade. Royal shares, down to 258p at one point, [illegible] a net 5 off at 260p.

Lloyds Abbey Life, a poor market in recent weeks after a series of profits downgrades by top City broking firms, dropped 11 more to 338p, with one of the City's big integrated securities houses said to have placed a line of [illegible] at 330p, a significant discount to the then ruling market price. A [illegible] of 2.5m Lloyds Abbey traded [illegible] in the day at 337p.

US investors continued to buy Glaxo in spite of weakness on Wall Street. The pharmaceuticals group firmed 6 to 824p. Results from Smith & Nephew were as anticipated and the shares held at 134½p. Reuters rose 6 to 919p on unimpressive turnover.

The absence of negative news about the final dividend, as the [illegible] reported interim figures at the top end of expectations, propelled Pilkington out of recent doldrums.

The shares advanced 10 to 121p, making it one of the day's top performers. Turnover rose to 12m. [illegible] fell from £103.2m to £50.6m but the dividend was maintained at 2.93p. The market was also encouraged by the chairman's [illegible]ment.

Shares in container group Tiphook fell 12 to 453p in spite of a 56 per cent jump in interim profits to £39.9m. One analyst said: "These are good figures but it is a stock that isn't very well understood. Leasing has a bad name and the market just can't get over it. Cash flow is the real element of valuation and the market isn't looking at that."

A [illegible] helped Dowty Group add 3 at 154p. An agency cross in ASW at 135p left the shares 6 off at 138p.

Dealers said a fall of 19 to 725p in Pearson was prompted by a cut in the profits forecast from [illegible] house [illegible] Govett. However, Hoare's media analyst Ms Chris Munro said her new figures were not below the bottom end of the market's range of forecasts and she did not believe her predicted cut was responsible.

Carlton [illegible] remained weak ahead of results next Tuesday. The shares have fallen sharply over the past week and closed 18 off at 415p yesterday.

A profits downgrade by Kleinwort Benson depressed Forte, which dipped 5 to 239p.

Full-year results from Grand Metropolitan were higher but in line with market expectations. The [illegible] after the announcement but slipped to close unchanged at 846p.

Bass hardened a penny to 960p following positive results and upgraded forecasts from analysts on Wednesday. Regional brewers were unsettled by widespread suggestions that Wolverhampton & Dudley may call on investors for extra cash when it reveals full-year results today. Wolverhampton shares were down 13 at one stage before closing 8 off at 565p.

MARKET REPORTERS:
Peter John, Joel [illegible],
Christopher Price,
Steve Thompson.

■ Other market [illegible], including the FT-Actuaries Share Indices and London Traded Options, [illegible]

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS ([illegible]). BRITISH FUNDS ([illegible]) [illegible] Ln. 2011 B, Treas. [illegible] IL 1992, [illegible] & DISTILLERS (2) Mansfield Brewery, Young N/V, BUSINESS SERVICES (1) Warner Howard, CHEMICALS (1) Yorkshire Chems., ELECTRONICS (1) Borland, INVESTMENT TRUSTS ([illegible]) Murray Enterprise, Do. Zero Ln. 1994, INDUSTRIAL MATERIALS (1) Marling Inds., TEXTILES (1) Leeds Grp.

NEW LOWS (112). BRITISH FUNDS (1) Treas. 12¾pc Ln. 1995, AMERICANS (3) Citicorp, IBM, [illegible], CANADIANS (1) Nova Corp of [illegible], BANKS (2) NatWest., TSB, BREWERS & DISTILLERS (1) Marston Thompson, BUILDING MATERIALS ([illegible]) Freeman, Russell (A), CHEMICALS ([illegible]) [illegible] Ltd., Leigh Interests, CONGLOMERATES (6) Cannon St. Invs., Hanson Wrrnts., Harrisons & Crosfield, Lonrho, Trafalgar House A, CONTRACTING & CONSTRUCTION (14) Birse, Bryant, CALA, Laing(J), Do. A N/V, Lilley, Lovell (YJ), McLaughlin & Harvey, Mowlem (J), NSM, Taylor Woodrow, Ward Hldgs., Wescol, Westbury, ELECTRICALS (1) Chloride, ELECTRONICS (3) AB Elect., [illegible], ENGINEERING AEROSPACE (1) [illegible], ENGINEERING GENERAL (3) Brooke Tool, Simon, Verson, FOOD RETAILING (2) Hunter Saphir, Low (Wm), HOTELS & LEISURE (4) Marina Devs., Principal Hotels, Sleepy Kids, Wembley, INSURANCE BROKERS (1) Sedgwick, INSURANCE COMPOSITE ([illegible]) [illegible], Royal Insce., INSURANCE LIFE (2) [illegible] Manchester, Utd. Friendly B, INVESTMENT TRUSTS (8) Castle Cairn Wrrnts., County Smllr. Co's., Drayton Eng. & Intl. Wrrnts., French Prop., Gartmore Scot. Cap., [illegible] Inc., Sphere Inc., Do. Wrrnts., US Smaller Co's., MEDIA (4) Black (A & C), MMI, TV-am, WPP Wrrnts., METAL & METAL FORMING (3) ASW, Clayhithe 9½pc Ln. '00-01, Glynwed Intl., MISCELLANEOUS (2) Dinkie Heel, PFG Hodgson Kenyon, MOTORS (4) European Motor, GKN, Lucas Inds., Do. Wrrnts., OIL & GAS (7) Aran Energy, Cairn Energy, Clyde Pet., Enterprise Oil, Pict Pet., Premier Cons., Santos, OTHER FINANCIAL (6) Aberdeen Tst., First Natl. [illegible] & Natl., Grosvenor Dev. Cap., JF [illegible] Wrrnts., King & Shaxson, OTHER INDUSTRIAL MATERIALS (1) Whitecroft, PACKAGING, PAPER & PRINTING ([illegible]) Buhrmann-Tetterode, Repola, PROPERTY ([illegible]) Bredero, City Site Ests., Five Oaks, Hammerson A, Helical Bar, Do. 5¼pc Prf. 2012, Land Sec., MEPC, Ossory Ests., [illegible] Corp., Safeland, Scot. Metrop., Speyhawk, Union Square, Wates City of London, STORES ([illegible]) Bentalls, French Connection, Ratners, Do. 6⅞p Prf., TRANSPORT (1) All Nippon Airways, WATER (1) Anglian, MINES (3) Cluff Res., Meekatharra, Waverley Mng. Fin.

EQUITY FUTURES AND OPTIONS TRADING

TRADING in Footsie futures remained volatile as dealers spent most of the session speculating on German interest rates, writes Joel Kibazo.

Early weakness in the December contract gave way to buying until confidence evaporated mid-morning on news about the Maxwell companies and the consequent effect on the banking sector, news which reduced the contract to the day's low of 2410.

[illegible] disappeared in the afternoon when the Bundesbank announced that there would be no increase in rates. December closed at 2,423, 6 points above its estimated fair value premium to cash as turnover rose to 8,431.

In LTOM, turnover rose to a healthy 41,486 contracts. Dealers talked of large put buying as protection against falls in the underlying stocks. One [illegible] pointed to the widening call-put ratio as a sign that the [illegible] market falls may soon be at an end.

The [illegible] option traded 7,057 contracts. British [illegible] was the busiest stock option with a total of 2,836 contracts. This was followed by Rolls-Royce, which traded 2,371 lots, most of which represented a roll over into the March series. Lonrho, also active in the cash market, saw 2,297 contracts traded.

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS - Cont.

[illegible]

BRITISH FUNDS - Cont.

[illegible]

OTHER FIXED INTEREST

[illegible]

APPOINTMENTS

From O&M to AMV

Peter Warren, reputed to be one of Britain's highest paid advertising [illegible] directors, is joining Abbott Mead Vickers in a bid to develop the group into a significant force in European advertising.

Warren, aged 51, is one of the best-known names to leave the Ogilvy & Mather stable following differences of opinion with its new owner, WPP. Having started work in the post-room, he spent 34 years with Ogilvy ending up as chairman of O&M Europe where he had overall responsibility for 93 offices in 19 countries.

Among his major clients were Beecham, Ford, Guinness, [illegible] Mackintosh, Shell and Unilever. He resigned as [illegible] in January [illegible] but has spent the last 12 months as a consultant to O&M Worldwide.

Although AMV is considerably smaller than WPP its recent success is reflected in the fact that in terms of stock market capitalisation it is roughly twice as big as WPP. AMV says Warren will "play a major part in the integration of its agency within the international advertising network, BBDO, following AMV's acquisition of BBDO's UK agency earlier this year". BBDO is the London arm of Omnicom of the US which has taken a 23 per cent stake in AMV.

■ FIFE INDMAR announces the appointment of Douglas McKenzie as md of the Scottish Engineering division and John Stepney as finance director and secretary of Precision Machining (Edinburgh).

■ JICNARS has promoted Roger Beeson, its acting general manager, to md of National Readership Surveys.

■ Ian Johnstone has been promoted to sales director and George Clarke manufacturing director of BRYANT & MAY.

■ WEIR GROUP announces that Bill Currie is now finance director of Weir Westgarth, while Bob Anderson becomes finance [illegible] of Liquid G[illegible] Equipment.

■ David Wood, formerly finance director of Connell, [illegible] become md of BLACK HORSE AGENCIES on the retirement of Peter Constable as a director of Lloyds Abbey Life and chief executive of Black Horse Agencies.

■ Peter Woodhouse is appointed human resources director of MSAS [illegible] INTERNATIONAL in place of David Daley who is promoted to personnel director of Ocean, the parent company.

■ Mark Bullock is appointed financial [illegible] of HAYS Specialist Distribution.

■ LAWSON MARDON GROUP announces that John Durstan, formerly chairman of the Flexible Packaging Division, is appointed group vice-president strategic planning; his place is taken by Terry Bloomfield. Serge De Paoli, vice-president of planning and development, becomes chairman of the European Folding Carton division.

■ Graham Crocker is a director of the HEAVITREE BREWERY.

Reigning at Monarch

Adrian Nash, the principal founder of MONARCH RESOURCES, the London-quoted mining company with operations in Venezuela, has now disposed of his 12 per cent shareholding and his representative on the board, Frederico Araujo, has consequently resigned.

Shareholders who have put £25m into Monarch since it was floated in 1987 at 295p a share have seen the price down to 50p. It is now about 133p but the company needs to be refinanced, according to Michael Beckett, a former Consolidated Gold Fields md who is now Monarch's chairman.

Two of the other original Monarch directors have now been appointed vice-presidents: Andrew Nelson is vice-president, chief financial officer, and Andrew Harland is vice-president, general counsel. The American-style titles reflect the fact that Monarch is closing its offices in London and Paris and is "changing to a US culture", says Beckett. Anthony Ciali, another former Gold Fields executive brought in as president and chief executive in May, is based in New Jersey.

Inputting to Wales

Robert Ashmead, 39, is to take over the drive to attract companies in the financial services sector into Wales.

He has been appointed director of the Financial Services Initiative Wales, a body co-ordinating the work of the Welsh Development Agency and the local authorities in developing south Wales as a financial centre. Ashmead is joining from Lloyds Merchant Bank where he was a director. Before that he was with County NatWest Securities.

The FSI was set up three years ago by the then Secretary of State for Wales, Peter Walker, to develop the area as a financial centre. It has already [illegible] some 30 companies, including N M Rothschild, National Provident Institution and Banque Nationale de Paris.

Some [illegible] are now employed in financial services in Wales, about 20,000 of them in Cardiff. Over 3,700 new jobs have been created in south Wales since the [illegible] was launched.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

[illegible]

AMERICANS

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

هكذا من الأصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MISCELLANEOUS - Cont.

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

	Notes	Price	+ or -	1991 high	low	Mkt Cap£m	Yld Gr's	P/E
Trident Petm		3	—	13	3	0.95	‡	3.7
Triton Europe	s	93	−1	114	84	79.7	1.5	17.2
Tullow		13	−½	14	8	19.8	–	–
Tuskar R		3½	−¼	14½	3	8.18	–	–
Utd. Energy		45	−3	82	21	5.61	–	–
Do. Warrants		26	−1	37½	10½	2.48	–	–
Ultramar		262	+9	358	233	1,946	5.0	20.6
Victoria Petm		5	—	7	2½	3.36	–	–
Woodside A$		176	−5	197	102	1,173	1.1	52.9
XCL Sundsa		3½	—	7	1¾	1.11	–	–

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

... yield, p/e based on previous year's earnings. ... Yield based on prospectus or other ... ex rights. ... ex all; ... ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of [illegible] year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	114.8	114.8	121.9	+0.7	9.43
High Inc Equity	6	122.1	125.4xd	133.3	-1.8	6.38
Worldwide Bond	6	212.0	212.0xd	224.7	-	6.68
Capital Growth						
American Growth	6	193.4	193.4	206.6	-1.4	1.08
Asian Pacific	6	117.4	117.4	125.5	-0.5	1.25
Assets & Earnings	6	172.1	172.1xd	184.0	-1.4	3.26
Capital Reserve Acc	0	110.7	110.7	110.8	+0.2	6.85
Capital Reserve Inc	0	87.54	87.54	87.59	+0.13	6.85
Comdty & Energy	6	71.37	71.37	76.33	-1.22	1.78
1992 Enterprise	6	62.27	62.27	66.59	-0.59	3.09
Euro Capital Acc	6	83.12	83.12	88.89	-0.38	1.17
Euro Capital Inc	6	79.41	79.41	84.93	-0.36	1.18
General	6	162.0	162.0	173.2	-2.2	2.89
Japan	6	91.77	92.85xd	98.77	-1.23	-
Mastertrust	6	86.53	86.53	92.54	-0.74	2.77
UK Growth Acc	6	166.0	173.2	184.2	-2.3	2.17
UK Growth Dist	6	105.5	110.0xd	117.0	-1.5	2.21
US Emerging Cos	6	72.47	73.70	78.40	-0.20	-
Income & Growth	6	279.7	279.7xd	299.1	-4.5	4.68
Ethical	6	52.11	53.44	56.85	-0.31	2.74
International	6	59.71	60.50	64.36	-0.56	1.37
Dividend & Growth	6	45.75	46.93	49.92	-0.66	6.01
Global Gwth & Sec	6	52.33	52.59	55.94	+0.02	3.11

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Small Cos	0	1079.0	1079.0	1132.0	-27.8	-

Guide to pricing of Authorised Unit Trusts

Compiled with [illegible]

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (◆) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

SS Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	103.2	108.6	....	-
Pension Managed Fd	100.6	105.9	....	-
Life Deposit Fd	111.0	116.9	....	-
Pension Deposit Fd	117.9	124.1	....	-

For National Fin [redacted] Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422
Harvester Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	162.5	[redacted]	....	-
UK Equity	167.5	[redacted]	....	-
Overseas Equity	131.4	[redacted]	....	-
Fixed Interest	155.2	[redacted]	....	-
Property	130.3	[redacted]	....	-
Index Linked	151.5	[redacted]	....	-
Deposit	164.7	[redacted]	....	-
With Profits (B)	134.7	[redacted]	....	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	340.3	358.3	-2.8	-
UK Equity	432.1	444.4	-3.4	-
Overseas Eq	327.5	[redacted]	-1.5	-
Americas	276.9	[redacted]	-2.0	-
Far East	349.9	[redacted]	-3.8	-
Property	194.2	[redacted]	-0.1	-
Fixed Int	272.3	[redacted]	+0.4	-
Indexed Gilt	161.2	[redacted]	+0.2	-
Deposit	188.3	[redacted]	+0.1	-
With Profit	105.4	[redacted]	....	-
Pension Fund (Accum Units)				
Managed	491.2	[redacted]	-4.7	-
UK Equity	572.4	[redacted]	-8.2	-
Overseas Eq	553.4	[redacted]	-3.7	-
Americas	349.9	[redacted]	-2.3	-
Far East	573.7	[redacted]	-5.6	-
Property	247.9	[redacted]	-0.1	-
Fixed Int	339.2	[redacted]	+0.9	-
Indexed Gilt	176.0	[redacted]	+0.3	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 [redacted] 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	210.4	[redacted]	-3.7	-
UK Fixed Int Acc	189.9	[redacted]	+0.3	-
Intl Equities Acc	167.2	[redacted]	-0.9	-
UK Managed Acc	166.5	175.[illegible]	-1.8	-
Property Acc	224.5	236.[illegible]	....	-
Money Acc	134.1	141.5	....	-
Special Market Acc	142.6	150.5	-1.6	-
Japan Equity Acc	95.1	100.4	-1.0	-
North American Acc	96.7	102.1	-1.1	-
Pacific Acc	90.9	95.9	-0.7	-
Technology Acc	118.8	125.4	-0.9	-
Nat Resources Acc	55.2	58.3	-0.5	-
European Acc	96.8	102.2	+0.1	-
Residential Prop Acc	90.6	95.6	....	-
Swiss Equities Acc	31.9	33.7	-0.1	-
Hong Kong Acc	67.9	71.7	-0.5	-
UK High Inc Eq Acc	68.1	71.9	-1.3	-
Int Fixed Interest Acc	60.7	64.1	-0.1	-
Int Managed Acc	54.9	57.9	-0.3	-
HIP Managed Acc	113.0	119.1	-0.9	-
HIP Managed II Acc	98.0	103.3	-1.0	-
HIP Managed III Acc	106.1	111.9	-0.8	-
Total Investment Bond				
UK Equity Initial		142.6	-2.4	-
UK Fixed Int Initial		129.0	+0.2	-
Intl Equities Initial		112.7	+0.5	-
UK Managed Initial		113.1	-1.1	-
Property Initial		153.5	....	-
Money Initial		91.5	+0.1	-
Special Market Initial		110.4	-1.2	-
Japan Equity Initial		73.6	-0.8	-
North American Initial		74.9	-0.8	-
Pacific Initial		70.3	-0.6	-
Technology Initial		92.0	-0.7	-
Nat Resources Initial		42.7	-0.3	-
European Initial		86.6	+0.1	-
Residential Prop Init		86.2	....	-
Swiss Equities Initial		30.4	....	-
Hong Kong Initial		64.7	-0.5	-
UK High Inc Eq Init		64.9	-1.1	-
Int Fixed Interest Init		58.6	....	-
Int Managed Init		53.1	-0.2	-
HIP Managed Init		109.5	-0.8	-
HIP Managed II Initial		96.2	-0.9	-

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

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	Bid Price	Offer Price	+ or -	Yield Gross
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$16.47	17.30	-0.18	1.05
Japan Tech	$57.08	59.94	-0.16	—
Japan Fund	$24.37	25.59	-0.14	0.17
[illegible] Gwth Fd	$18.18	19.09	-0.02	—
Malay Sing	$53.80	56.49	+0.12	0.31
Latin American	$22.05	23.14	+0.02	0.58
Global Fund	$22.49	22.57	-0.04	0.88
Pacific Fd	$61.23	64.30	-0.11	—
International Bond	$17.02	17.88	+0.01	6.09
Europe Fund	$12.90	13.55	-0.10	—
British Screen Fd	£0.87	0.92	-0.01	—
Taiwan Warrant	$10.95	11.50	+0.04	—
Hong Kong	$51.14	53.70	-0.02	3.09
Mngd Portfolio (Stg)	£4.01	4.33	+0.01	—
Mngd Portfolio (Dlr)	$10.09	10.65	+0.01	—
Currency Fd-Sterling	£19.75		+0.02	—
Currency Fd-US Dollar	$25.48		—	—
Curr Fd-Deutschemark	DM40.97		+0.01	—
Curr Fd-Managed $	$45.69	47.97	-0.12	—
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Ser Series*	$1.00		—	4.44
Investment Series*	$1.00		—	4.54

* Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Dunbar Intl Fund Mgrs (1600)F						
Lord Street, Douglas, IoM						0624 661951
ADI Managed(z)	5	0.5685	0.5685	0.6054	[illegible]	1.35
ADI Mgd Currency(z)	5	0.4057	0.4057	0.4276	[illegible]	5.36
ADI W'wide Eq(z)	5	0.6415	0.6415	0.6831	[illegible]	1.15
ADI Nth Amer Gth(z)	5	0.7812	0.7812	0.8319	[illegible]	0.01
ADI Far East (z)	5	1.08	1.08	1.15	[illegible]	1.16

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB Trust Funds—Contd.						
UK Equity	5	139.35	139.36	151.13	-0.92	0.92
International Equity	5	112.03	112.03	119.25	-0.12	0.00
Far Eastern	5	86.70	86.70	92.90	-0.46	0.00
European	5	78.83	78.83	83.58	-0.04	0.00
Pan American	5	148.73	148.73	157.64	-0.30	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	97.47	97.47	100.92	+0.36	10.21
Monthly Share	3	95.53	95.53	98.70	+0.35	10.04

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Currency Funds				
Sterling	£21.47		—	9.5
US Dollar	$31.52		—	3.6
Deutschemark	DM55.57		+0.01	7.9
Yen	Y4,062			5.8
Managed Multicurrency	£13.16	13.43	-0.05	—
Managed Multicurrency	$25.30	26.30	+0.01	—
Bond Funds				
Sterling Bond	£0.406	0.420	—	10.1
US Government Income	$99.57	105.13	-0.52	6.1
Asian Selection Funds				
Hong Kong	$12.986	13.667	+0.03	3.0
Indonesia	$7.567	7.965	+0.048	2.5
Korea	$9.730	10.242	+0.166	2.5
Malaysia	$9.516	10.017	-0.051	0.5
Philippines	$10.666	11.227	-0.021	2.5
Singapore	$11.402	12.002	-0.003	1.0
Thailand	$11.593	12.203	—	2.5
South East Asia	$10.872	11.443	+0.013	3.0
US Dollar Liquidity	$9.578	10.057	+0.011	3.4
Cater Allen Investment Management (CI)				
CA Gilt Income	£6.47	6.76		[illegible]

Aitrust Fund Mngrs Luxembourg SA (a)
13 rue Goethe L-1637 Luxembourg 010 352 4046461

Aetna Intl Umbrella Fund (a)
47 Blvd Royal, PO Box 275, L-2012 Lux

Hypo Foreign & Colonial Port Fd Sicav – Contd.

INVESCO MIM International Limited (a)
PO Box 271, St Helier, Jersey 0534 73114

Viking Fund-SICAV

"WINTERTHUR" Fund Mngmt Co (Lux) SA

	Bid Price	Offer Price	+ or -	Yield Gross
WIN Global Intl Bond	Ecu109.15		—	—
WIN Global Intl Equity	Ecu97.22		—	—
WIN Global Intl Reserve	SFr211.62		—	—
World Bond Fund–SICAV (u)				
World Bond Fund	$24.42	25.65	+0.16	0.78
World Trust Fund				
Shares NAV	59.63		-0.13	—

Gaia Currency Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Gaia Hedge I	$102.04	102.46	—	—
Gaia Hedge II	$192.28	196.19	—	—
Gaia Hedge III	$32.63	33.88	—	—
Gaia Gtd Crncy I	$75.68		—	—
Gaia Gtd Crncy II	$77.71		—	—
Gaia Swiss Franc	SFr79.66	81.21	—	—

Gartmore Investment Ltd

North Star Fund Managers – Contd.

SWITZERLAND

OTHER OFFSHORE FUNDS

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Rate worries depress dollar

THE DOLLAR [illegible] ground yesterday on fears [illegible] sluggish American growth will [illegible] the Federal Reserve to ease monetary policy, [illegible] as early as [illegible].

A [illegible] the [illegible] the dollar [illegible] that it was not helped by the Bundesbank's decision [illegible] interest [illegible]. Instead, [illegible] cut in [illegible] dominated trading.

The dollar closed [illegible] from DM1.6140 [illegible] from [illegible] and [illegible] now [illegible] struck last month when speculation was building up [illegible] the last [illegible] of policy.

The [illegible] the November employment report today [illegible] eagerly [illegible] by foreign exchange operators. The belief [illegible] many dealers [illegible] a [illegible] of [illegible] could trigger an easing.

The latest figures on new applications for unemployment [illegible] November [illegible] not encouraging. They rose by 57,000 [illegible] a seasonally adjusted 471,000, while the [illegible] moving [illegible] which [illegible] watched by many analysts, rose [illegible] from [illegible].

The November jobs report [illegible] expected [illegible] a [illegible] drop in non-farm payroll employment, compared [illegible] October [illegible] of 1,000. But some US [illegible] are [illegible] are forecasting [illegible] in excess [illegible].

With the [illegible] failing [illegible] grow any [illegible] and a presi[illegible] looming next [illegible] widespread [illegible] could [illegible] cut in interest rates.

[illegible] point easing in [illegible] Federal Funds rate to 4½ per cent along with [illegible] point cut in the discount rate [illegible] being [illegible] the [illegible] monetary authorities [illegible] want [illegible] until [illegible] inflation figures [illegible] the [illegible].

The D-Mark [illegible] firm [illegible] ERM currencies despite [illegible] Bundesbank's [illegible] to raise rates. The belief that Germany will tighten policy after the next Bundesbank council meeting in a fortnight's time bolstered the mark.

Against the French franc, the mark crept up towards the level which the Bank of France [illegible] recently [illegible]. The lira [illegible] and [illegible] Bank of Italy [illegible] in [illegible] currency [illegible] selling marks for lira and Ecu's.

Sterling [illegible] also depressed, falling [illegible] firmed to [illegible] from $1.7735.

The [illegible] currencies [illegible] actively [illegible] to 17½ per [illegible] from 11½ per [illegible]. The move [illegible] the krona, with [illegible] falling [illegible].

Swedish corporate players [illegible] buyers of [illegible] krona, while international investors [illegible] could yet [illegible] follow [illegible] currency.

The Norwegian and Finnish [illegible]. But the [illegible] buoyant enough [illegible] central [illegible] rebuild [illegible] by selling krona.

£ IN NEW YORK

Dec.5	Latest	Previous Close
£ Spot	1.7960-1.7970	1.7845-1.7855
1 month	0.83-0.82pm	0.82-0.80pm
3 months	2.53-2.51pm	2.53-2.50pm
12 months	9.57-9.47pm	9.53-9.43pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.5	Previous
8.30 am	90.6	90.4
9.00 am	90.6	90.4
10.00 am	90.6	90.4
11.00 am	90.6	90.5
Noon	90.6	90.5
1.00 pm	90.6	90.5
2.00 pm	90.6	90.5
3.00 pm	90.6	90.5
4.00 pm	90.6	90.5

CURRENCY MOVEMENTS

Dec 5	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.6	-21.1
U.S Dollar	62.6	-16.1
Canadian Dollar	104.9	+3.1
Austrian Schilling	110.2	+12.2
Belgian Franc	112.1	-1.6
Danish Krone	109.2	+3.1
D-Mark	119.4	+25.4
Swiss Franc	109.5	+17.7
Dutch Guilder	113.1	+16.4
French Franc	103.4	-13.0
Lira	98.9	-20.0
Yen	140.7	+75.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Dec.4

CURRENCY RATES

Dec 5	Bank § rate %	Special * Drawing [illegible]	European † Currency Unit
Sterling	-	[illegible]	0.714015
U S Dollar	5.00	1.39027	1.27630
Canadian $	8.17	1.57810	1.44975
Austrian Sch	7.50	15.6989	14.3252
Belgian Franc	8.00	[illegible]	41.9584
Danish Krone	9.50	8.66295	7.92136
D-Mark	7.50	2.23069	2.03608
Dutch Guilder	8.00	2.51639	[illegible]
French Franc	10¼	7.62434	6.95967
Italian Lira	11½	[illegible]	1539.73
Japanese Yen	5.00	[illegible]	164.515
Norway Krone	8	[illegible]	8.02530
[illegible]	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

Dec 5	£	$
[illegible]	[illegible]	[illegible]
Korea(Sth)	1339.95 - 1361.55	750.10 - 759.10
Kuwait	0.51255 - 0.51325	0.28420 - 0.2[illegible]
Luxembourg	58.70 - 58.80	32.70 - [illegible]
Malaysia	4.9190 - 4.9275	2.7460 - [illegible]
Mexico	5434.00 - 5440.60	3040.00 - 3042.00
N.Zealand	3.1880 - 3.1915	1.7790 - 1.7810
Saudi Ar	6.6730 - 6.7495	3.7495 - 3.7505
Singapore	2.9625 - 2.9700	1.6560 - 1.6580
S.Af (Cm)	4.9830 - 4.9950	2.7835 - 2.7850
S.Af (Fn)	5.5310 - 5.6175	3.0865 - 3.1350
Taiwan	45.65 - 45.75	25.70 - 25.80
U.A.E.	6.5355 - 6.6124	3.6715 - 3.6735

*Official rate. Floating rate £-2510.0 $-1420.0

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 5	% Change from Central Rate	% Spread vs Weakest Currency	[illegible]
Spanish Peseta	133.631	130.397	-2.42	[illegible]	42
Belgian Franc	42.4032	[illegible]	-1.05	[illegible]	[illegible]
D-Mark	2.05586	[illegible]	-0.96	[illegible]	[illegible]
Dutch Guilder	2.31643	[illegible]	-0.95	[illegible]	[illegible]
Irish Punt	0.767417	[illegible]	-0.47	[illegible]	15
Italian Lira	1538.24	[illegible]	0.10	[illegible]	[illegible]
French Franc	6.89509	[illegible]	0.94	[illegible]	[illegible]
Danish Krone	7.84195	[illegible]	1.01	[illegible]	[illegible]
Sterling	0.696904	[illegible]	2.46	0.00	[illegible]

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7860 - 1.7940	1.7930 - 1.7940	0.83-0.81cpm	5.49	2.55-2.52pm	5.65
Canada	2.0300 - 2.0400	2.0370 - 2.0380	0.55-0.49cpm	3.06	1.62-1.52pm	3.08
Netherlands	3.2050 - 3.2150	3.2050 - 3.2150	¼-⅛cpm	0.93	⅞-⅝pm	0.93
Belgium	58.50 - 58.85	58.70 - 58.80	6-1cpm	0.71	16-11pm	0.92
Denmark	11.0600 - 11.1600	11.1500 - 11.1600	1⅝-⅝orepm	1.14	3⅝-2⅝pm	1.03
Ireland	1.0675 - 1.0730	1.0720 - 1.0730	0.05-parcpm	0.28	0.10-parpm	0.19
Germany	2.8475 - 2.8550	2.8475 - 2.8525	¼-⅛pfpm	0.79	¾-½pm	0.88
Portugal	250.75 - 253.25	250.75 - 251.75	28-55cdis	-1.93	84-132dis	-1.72
Spain	181.90 - 183.00	181.90 - 182.20	30-37cdis	-2.21	86-98dis	-2.02
Italy	2149.25 - 2161.00	2154.50 - 2155.50	4-6liredis	-2.78	8-10dis	-1.67
Norway	11.1975 - 11.2725	11.2625 - 11.2725	⅜-⅛orepm	0.27	1-⅝pm	0.24
France	9.7225 - 9.7675	9.7325 - 9.7425	½-¼cpm	0.46	1⅝-1⅛pm	0.59
Sweden	10.4150 - 10.4675	10.4325 - 10.4425	2¼-1¼oredis	-1.87	3⅝-4½dis	-1.60
Japan	230.25 - 231.25	230.25 - 231.25	⅞-¾ypm	4.23	2⅝-2½pm	4.44
Austria	20.00 - 20.08	20.00 - 20.03	2⅛-1⅛gropm	1.35	7-4½pm	1.14
Switzerland	2.5200 - 2.5380	2.5200 - 2.5300	⅝-⅜cpm	2.08	1⅝-1⅜pm	2.28
Ecu	[illegible]	1.4045 - 1.4055	0.01dis-0.05cpm	0.17	0.06dis-0.02pm	-0.01

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.08-5.03cpm. 12 Month 9.53-9.43cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7860 - 1.7940	1.7930 - 1.7940	0.83-0.81cpm	5.49	2.55-2.52pm	5.65
Ireland†	1.6680 - 1.6770	1.6760 - 1.6770	0.76-0.72cpm	5.30	2.30-2.20pm	5.37
Canada	1.1340 - 1.1385	1.1365 - 1.1375	0.21-0.25cdis	-2.43	0.70-0.75dis	-2.55
Netherlands	1.7875 - 1.8025	1.7895 - 1.7905	0.70-0.73cdis	-4.79	2.17-2.21dis	-4.89
Belgium	32.70 - 33.00	32.70 - 32.80	12.00-14.00cdis	-4.76	38.00-42.00dis	-4.89
Denmark	6.1975 - 6.2225	6.2175 - 6.2225	2.10-2.40oredis	-4.34	7.00-7.60dis	-4.69
Germany	1.5850 - 1.6000	1.5885 - 1.5895	0.62-0.63pfdis	-4.72	1.91-1.93dis	-4.83
Portugal	140.60 - 141.50	140.70 - 140.80	90-97cdis	-7.97	257-272dis	-7.52
Spain	101.85 - 102.30	102.00 - 102.10	68-72cdis	-8.23	197-204dis	-7.86
Italy	1200.00 - 1207.75	1201.25 - 1201.75	8.40-8.90liredis	-8.64	23.30-24.30dis	-7.92
Norway	6.2790 - 6.2950	6.2800 - 6.2850	2.80-3.10oredis	-5.63	8.75-9.25dis	-5.73
France	5.4225 - [illegible]	5.4275 - 5.4325	2.29-2.34cdis	-5.12	7.08-7.18dis	-5.25
Sweden	5.8100 - [illegible]	5.8175 - 5.8225	3.70-3.95oredis	-7.89	10.55-11.00dis	-7.41
Japan	128.50 - 129.10	128.65 - 128.75	0.12-0.13ydis	-1.17	0.40-0.42dis	-1.27
Austria	11.2150 - 11.2450	11.2400 - 11.2450	4.10-4.60grodis	-4.64	12.40-13.70dis	-4.64
Switzerland	1.4050 - 1.4190	1.4070 - 1.4080	0.38-0.41cdis	-3.37	1.19-1.23dis	-3.44
Ecu	1.2715 - 1.2805	1.2795 - 1.2805	0.61-0.58cpm	5.58	1.85-1.77pm	5.63

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Dec 5	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 5¼-5⅛ per cent; three years 6¼-6⅛ per cent; four years 6¾-6⅝ per cent; five years 6⅞-6¾ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice. Asian $ Sing rates are closing rates in Singapore.

EXCHANGE CROSS RATES

Dec 5	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.793	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2155	[illegible]	[illegible]	[illegible]
$	[illegible]	1	1.590	[illegible]	5.431	[illegible]	1.790	[illegible]	1.136	32.77	[illegible]
DM	0.351	[illegible]	1	[illegible]	[illegible]	[illegible]	1.126	756.1	0.715	[illegible]	[illegible]
Yen	[illegible]	7.772	[illegible]	[illegible]	[illegible]	[illegible]	10.94	13.91	[illegible]	[illegible]	6.090
F Fr.	[illegible]	1.841	[illegible]	[illegible]	10.	[illegible]	[illegible]	2213	[illegible]	[illegible]	[illegible]
S Fr.	[illegible]	0.710	1.129	91.37	[illegible]	1	1.271	[illegible]	[illegible]	[illegible]	0.556
N Fl.	0.312	[illegible]	[illegible]	71.87	[illegible]	0.787	1	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	107.1	[illegible]	1.172	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C$	[illegible]	[illegible]	[illegible]	113.3	[illegible]	[illegible]	[illegible]	[illegible]	1	[illegible]	[illegible]
B Fr.	[illegible]	[illegible]	[illegible]	[illegible]	16.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.391
Ecu	0.712	[illegible]	[illegible]	[illegible]	[illegible]	1.797	[illegible]	[illegible]	[illegible]	[illegible]	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per [illegible]

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100% — [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100% — [illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100% — [illegible]

LIFFE EURODMARK OPTIONS — [illegible]

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS — [illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100% — [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT — [illegible]

US TREASURY BONDS — [illegible]

6% NOTIONAL GERMAN GOVT. BOND — [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND — [illegible]

9% NOTIONAL ECU BOND — [illegible]

12% NOTIONAL ITALIAN GOVT. BOND (BTP) — [illegible]

THREE MONTH STERLING — [illegible]

THREE MONTH EURODOLLAR — [illegible]

THREE MONTH EUROMARK — [illegible]

THREE MONTH ECU — [illegible]

THREE MONTH EURO SWISS FRANC — [illegible]

FT-SE 100 INDEX — [illegible]

FT-SE EUROTRACK 100 INDEX — [illegible]

Previous day's open int. 385 (305)

* Contracts traded on APT. Closing prices shown.

CHICAGO

U.S. TREASURY BONDS (CBT) — [illegible]

JAPANESE YEN (IMM) — [illegible]

DEUTSCHE MARK (IMM) — [illegible]

U.S. TREASURY BILLS (IMM) — [illegible]

THREE-MONTH EURODOLLAR (IMM) — [illegible]

BRITISH POUND (IMM) — [illegible]

STANDARD & POORS 500 INDEX — [illegible]

PHILADELPHIA SE £/$ OPTIONS — [illegible]

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES — [illegible]

6 to 10 YEAR 10% ITALIAN LONG TERM CONTRACT (MATIF) FUTURES — [illegible]

THREE-MONTH PIBOR FUTURES (MATIF) — [illegible]

CAC-40 FUTURES (MATIF) — [illegible]

ECU BOND (MATIF) — [illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF) — [illegible]

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot			6-mth.	
1.7935	[illegible]	[illegible]	1.7430	[illegible]

BASE LENDING RATES

	%		%		%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5	● Members of British Merchant Banking & Securities Houses Association.	
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

MONEY MARKETS

Rates remain firm

EUROPEAN money market rates were firm yesterday despite the Bundesbank's decision to [illegible] monetary policy unchanged [illegible] council meeting.

Money [illegible] said expectations that [illegible] could still [illegible] at [illegible] meeting in just under [illegible] fortnight kept [illegible] steady.

The [illegible] continuing strength also kept [illegible] upward pressure on [illegible] in Europe. [illegible] were [illegible] exception. Call [illegible]

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

just [illegible] 9¾ [illegible] cent, [illegible] Bundesbank's Lombard emergency funding rate.

In the futures market, the March Euro-mark contract rose 6 points to 90.74. But in spite of the slight easing in German rates, the markets are still anticipating a [illegible] point [illegible] in [illegible] Lombard rate at [illegible] Bundesbank's next meeting.

Mr [illegible] market analyst [illegible] Barclays Bank, [illegible] there [illegible] a [illegible] that the Bundesbank [illegible] not intend to increase rates. But the expectation in the market kept rates [illegible] and [illegible] currency strong - all [illegible] which tighten monetary policy.

"It's a classic piece [illegible] monetary policy management. They've got the market believing rates will be raised but not to the extent that they risk a D-mark collapse when they leave rates unchanged."

UK money [illegible] steady with the three months inter-bank rate unchanged [illegible] 10¾-⅝ per cent. In [illegible] futures market, March short sterling was steady at 89[illegible].

[illegible] current levels, the [illegible] signalling that [illegible] long as the speculation about German [illegible] continues, there will be little [illegible] for [illegible] in UK [illegible].

Speculation about a reduction in US rates continued to grow ahead of the November employment report, which is released today. If, as expected, the figures are poor then the talk will continue that the Federal Reserve will ease before the end of the year.

The December Eurodollars contract rose a point to 90.16, although in its daily money market operations, the Federal Reserve refrained from injecting liquidity into the banking system.

In [illegible] central bank raised [illegible] marginal lending rate [illegible] 11½ [illegible] cent to 17½ per [illegible] in [illegible] move aimed [illegible] restoring [illegible] in [illegible] foreign exchange [illegible] of [illegible] Finnish government's [illegible] devaluation.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.5) [illegible]		[illegible]	
bid 4¼	offer 4⅜	bid 4⅛	offer 4¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime

Prime rate	7½	One month	4.18	Three year	5.58
Broker loan rate	6¾	Two month	4.08	Four year	5.69
Fed.funds	4⅝	Three month	4.42	Five year	6.38
Fed.funds at intervention	-	Six month	4.47	Seven year	6.74
		One year	4.58	10-year	7.20
		Two year	5.23	30-year	7.85

Dec.5	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.15-9.25	9.30-9.50	9.30-9.50	9.30-9.50	9.30-9.50	9.25
Paris	10⅛-10¼	10-10⅛	9⅞-10⅛	9⅞-10⅛	9¾-10	9.25
Zurich	6⅞-6⅝	8⅛-8⅜	-	8-8⅛	-	-
Amsterdam	9.31-9.43	9.40-9.50	-	9.42-9.52	-	-
Tokyo	6⅛-6⅞	6⅛-6⅞	-	6⅛-6⅞	-	-
Milan	11¾-12⅛	13⅛-13⅜	-	12⅞-13	-	-
Brussels	9⅛-9¾	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	9⅞-10	10⅛-10½	10⅛-10½	10⅛-10⅞	10⅛-10⅞	-

LONDON MONEY RATES

Dec 5	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12	10⅞	10⅞	10¾	10⅝	10⅝
Interbank Bid	10⅜	10⅝	10⅝	10⅝	10⅝	10⅜
Sterling CDs	-	-	10⅝	10⅝	10⅝	10⅜
Local Authority Deps.	10⅝	10⅞	10⅞	10⅞	10⅞	10½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt. Deps	10½	10½	-	-	-	-
Company Deposits	-	-	10¾	10⅞	10¾	10⅞
Finance House Deposits	-	-	10⅞	10⅞	10⅝	10⅝
Treasury Bills (Buy)	-	-	10⅛	10⅛	9⅞	-
Bank Bills (Buy)	-	-	10⅛	10⅛	9⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.13	4.80	4.68	4.78
SDR Linked Dep. Offer	-	-	7⅛	7⅛	7⅛	7⅛
SDR Linked Dep. Bid	-	-	7⅛	6⅞	6⅞	6⅞
ECU Linked Dep. Offer	-	-	10½	10⅞	10⅝	10⅝
ECU Linked Dep. Bid	-	-	10⅝	10⅞	10⅝	10⅝

Treasury Bills (sell); one-month 10⅛ per cent; three months 10⅛ per cent; six months 9⅞ per cent; Bank Bills (sell); one-month 10⅛ per cent; three months 10⅛ per cent; Treasury Bills; [illegible] tender rate of discount 10.0806 p.c. ECGD Fixed Rate Sterling Export Finance. Make up [illegible]mber 29, 1991. Agreed rates for period Dec.25, 1991 to January 25, 1992, Scheme I: [illegible] p.c., Schemes II & III: 11.75 p.c. Reference rate for period November 1, 1991 to November [illegible]1, Scheme IV&V: 10.513 p.c. Local Authority and Finance Houses seven days' notice, [illegible] seven days' fixed. Finance Houses Base Rate 11 from December 1, 1991: Bank Deposit [illegible] sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit [illegible] and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

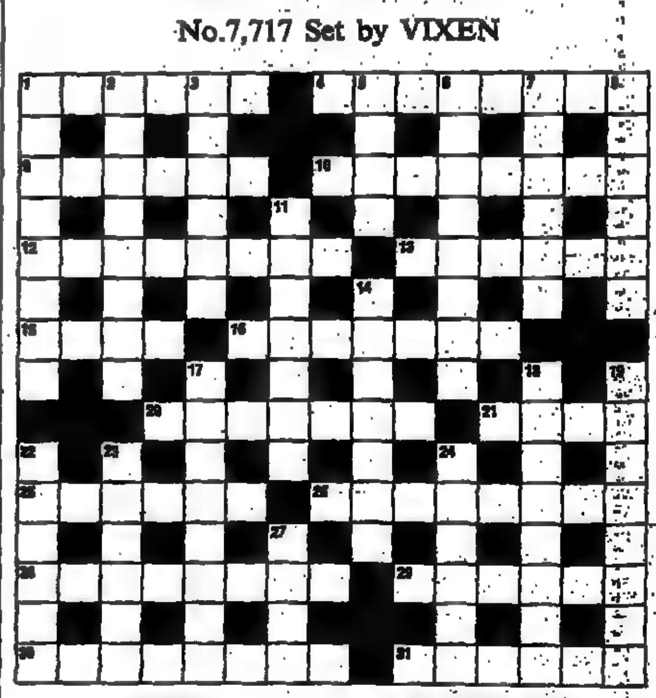
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,717 Set by VIXEN



ACROSS
1 This French mount is red (6)
[illegible] Fly without [illegible] break, causing certain stress (8)
[illegible] Exceptional 29 may be hidden (6)
10 Wind up with hard feelings when put in jeopardy (8)
12 Gold found in animal enclosure can be kept (8)
13 Claim devastating note will give rise to ill-will (6)
15 Port and a little lemonade – nothing better! [illegible]
16 The people this man works with are not animated (7)
20 The lowest price acceptable is a pound (7)
21 Add way-out ring as distinctive [illegible] (4)
25 Spoil a naughty child – show off! (6)
26 Drinks to play with? (8)
28 Many a daring agitator a[illegible]rs woolly (8)
29 A [illegible] of ancient coin (6)
30 The underworld boss sent head of state protests (8)
[illegible] by serving men showing respect (6)

DOWN
1 The merry monarch's order for salad (4-4)
2 Taking a ride – not restricted (8)
3 Sarah holds with comfortable footwear (6)
5 Offensive row (4)
6 The sailing man keeps food in dry wrapping (8)
7 A girl popular with the [illegible] work (6)
8 A quarter pull up and park (6)
11 Plant in error? (7)
14 "Green" after study gives cause to change (7)
17 A new form of device is to be used – that's final! (8)
18 Figure remains only are material (8)
19 The piece of lamb being minute, one prepared stuffing (8)
22 CID men possibly put on airs (6)
23 Good fellows left on board (6)
24 Murmur an egghead can be benevolent (6)
27 Some coppers are old-fashioned (4)

Solution to Puzzle No.7,716

DOWNCAST AGREED
E E A U C O R I
FAINT BALCONIES
E G H L O F C C
ATHLETICS FRAME
T T R M E T R
DIVIDE TEHERAN
U E N E E S
PORTENT CADDIE
S W U A E M E
TEACH REPRESSED
A O E B I P T I
ITINERANT EXAMS
R E L N A N T O
SQUASH BLUDGEON

WORLD STOCK MARKETS

AUSTRIA

December 5	Sch	+ or −
Austrian Airlines	2,420	−45
Creditanstalt Pf	434	−3
EA General	2,958	−57
EVN	816	−1
Jungbunzlauer	9,850	−100
OeMV	955	+1
Perlmooser Zement	1,400	−5
Radex Heraklith	486	−7
Reininghaus Brau	1,630	−20
Steyr Daimler	242	−4
Veitscher Magnesit	334	−6
Verbund (Br) A	499	−1
Wienerberger	4,668	−46
Z-Laenderbank	983	+3

BELGIUM/LUXEMBOURG

December 5	Frs.	+ or −
ACEC-Union Min	2,130	−35
AG Group	1,630	....
Arbed	3,650	−10
BBL	2,850	+20
Bank Intl a Lux	11,000	....
Banq Gen Lux Pts	12,400	....
Barco	998	−18
Bekaert	9,150	+10
CBR Ciment	6,790	−50
Cobepa	4,755	−45
Cobepa AFV I	4,715	−45
Cockerill Priv	142	−5
Colruyt	4,150	−15
Delhaize Frs Lion	7,840	....
Electrabel	4,715	−25
Electrabel AFV	4,630	−20

FRANCE (continued)

December 5	Frs.	+ or −
Bancaire Cie	420	−5
Beghin-Say	553	....
Beghin-Say Cert Inv	473	+17
Bongrain	2,460	−4
Bouygues	495	+3.90
CGIP	924	+1
C M B Packaging	160	−2
Canal+	1,067	+10
Cap Gemini S	264.90	+0.90
Carrefour	2,152	−18
Casino	135	−0.60
Cetelem	585	−4
Chargeurs	866	−19
Club Mediterranee	396	−0.20
Cogifi	362.20	+17.20
Coparex	600	....
C C F	151.90	−0.90
Cr Fonc France	900	−7
Cred Lyon (CI)	493	−6
Credit Nationale	952	−10
Damart	2,195	−5
Docks de France	358.70	+0.20
Dollfus Mieg Cie	256	−2
EBF	740	−3
Eaux Cie Genl	1,995xr	−18
Ecco	341	+1
Elf-Aquitaine	381.60	−6.40
Elf-Aquitaine Certs	245	−14.90
Essilor Int	315.90	+5.30
Etex	1,636	....
Eurafrance	1,280	−20
Eurocom	550	+2
Euro Disney	131.50	−0.70
Exor	1,070	....
Finextel	119.20	....

INDICES

CANADA TORONTO

	4	3	2	29	HIGH	LOW
Metals & Minerals	2805.31	2834.08	2851.27	2846.05	3299.99 (18/7)	2632.06 (9/1)
Composite	3427.47	3453.41	3456.38	3448.51	3604.09 (12/11)	3161.95 (15/1)
MONTREAL [redacted]	[redacted]	1825.15	1819.91	1815.84	1907.35 (12/11)	1686.89 (9/1)

Base values [redacted] indices are 100 [redacted] NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – [redacted] Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial [redacted] Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

*Saturday November 30: Taiwan Weighted [illegible]
§ Subject to official recalculation.
Base values of all indices are 100 except: [illegible] JSE 26 Industrials – 264.3 and Australia All Ordinary [illegible]

TOKYO - Most Active Stocks

Thursday, 5 December 1991

	Stocks Traded	Closing Prices	Change on day
Toyo Ink	10.6	854	+74
Japan Steel	4.8	690	+12
Okamoto	4.2	1,140	+30
Sanyo-Kokusaku	4.2	839	+8
Meiji Milk Prod	3.1	1,070	-20
Hitachi	3.1	935	-10
Nippon Carbon	2.6	2,550	+110
NKK	2.3	339	0
Toshiba	1.6	690	+2
Clarion	1.6	1,200	-30

3:00 pm prices December 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16¾	9¼	AAR Corp	[illegible]	3.9	16	383	12¾	12½	12¾	+⅛
22⅞	14½	A L Labs A	[illegible]	0.8	23	363	21¼	20½	21	+1
55¾	40⅞	AMP Inc	[illegible]	2.7	21	742	53⅜	53	53⅛	-⅜
68⅝	44¼	AMR			11	2682	59¾	59⅛	59¼	-1
2⅝	1	ARX			1	51	1⅛	d1	1	-⅛
58	41½	ASA	3.00	6.0	14	421	49⅞	48¾	[illegible]	+⅜
61⅞	39¼	Abbott Lab	1.00	1.7	24	2316	59⅝	58¾	[illegible]	-¾
14⅝	9⅞	Abitibi Pr	0.44	3.3	18	5	13⅜	13⅜	13⅜	
11⅝	10⅜	ACM Gvt In x	1.28	11.3		175	11⅛	11	11⅛	
9¾	8¼	ACM GrOpp x	1.01	10.5		47	9⅝	9½	9⅝	
9½	8¼	ACM Gvt Sp x	1.01	11.1		65	9¼	9⅛	9⅛	
11	9⅞	ACM Gvt Sc x	1.28	12.0		268	10⅝	[illegible]	10½	-⅛
9	7⅞	ACM Man	1.01	11.5		304	8⅞	8⅝	8¾	+⅛
12⅞	11½	ACM [illegible] x	1.35	11.0		169	12¼	12⅛	12¼	
7½	4¾	Acme Cleve	0.40	6.6	13	266	6⅛	5⅞	5⅞	-¼
6	3⅛	Acme Elect			3	24	4¾	4⅝	4⅝	-⅛
40	22¾	Acuson			16	2326	28⅜	28	28¼	+¼
20¼	14¼	Adams Expr	1.63	9.2	0	36	17⅞	17¾	17¾	-⅛
20⅛	17½	Adobe12Pf	2.40	13.0		34	18½	18¼	18½	+⅛
9¼	6	Adobe Res			57	218	[illegible]	d5¾	5¾	-¼
39⅞	18	Ad Micro x				38	u38¾	38½	38½	+⅛
15¼	4⅝	Ad Micro P	[illegible]	19.7	76	7216	u15¼	14⅞	15¼	+¼
5⅛	2¼	Advest Grp	[illegible]	3.6	6	4	4¼	4¼	4⅛	
49⅛	31⅞	Aetna Ll x	[illegible]	7.0	7	610	39½	39¼	39¼	
[illegible]										

Continued on next page

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
51¾	[illegible]	Xerox4.125 x			6	61	61	61	+1½
29¾	[illegible]	Xtra 1.94				15	23	22⅞	23	
29¾	[illegible]	Xtra Corp	0.72	2.6	90	31	27⅞	27¼	27⅞	
27⅞	[illegible]	Yankee Egy	1.80	6.5	12	107	28½	28⅛	28⅛	−1⅛
1⅝	⅛	Zapata				88	136	⅛	d⅛	⅛	
9⅝	5¼	ZenithElec				2	681	7⅞	7⅛	7⅞	+¼
16½	12	Zenith Nat	1.00	6.7	128	145	[illegible]	14⅞	15	
6⅝	4⅛	Zenix Inc	0.84	13.7		284	[illegible]	6⅛	6⅛	−⅛
15⅛	10⅛	Zero Corp	0.40	3.8	13	621	10⅞	d10¼	10½	
41⅞	29½	Zurn Ind x	0.88	2.5	13	77	35½	33⅞	33⅞	+⅛
13⅛	10¼	Zweig Fund	1.16	9.1		227	12⅝	12⅝	12⅝	
10½	8½	Zweig Tot x	0.96	9.2		355	10⅛	10¼	10⅛	

Prices supplied by Telekurs.

[illegible] Yearly highs and lows reflect [illegible] current [illegible] not the [illegible] or stock [illegible] accounting [illegible] has been paid, the [illegible] shown for [illegible]. Unless [illegible] rates of dividend [illegible] disbursements [illegible] declaration.

a-dividend [illegible] extra(s). b-annual rate of dividend plus [illegible] dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after [illegible]-up or stock dividend. j-dividend paid this year, omitted, [illegible] or no action taken at latest dividend meeting. k-dividend declared or paid this year, [illegible] accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in [illegible] or receivership or being reorganised under the [illegible] Act, or securities assumed by such companies. [illegible]-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

[illegible] pm prices December 5

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
OM Corp	0.14	6	1096	7¾	7⅝	7¾	+⅛
Pall Corp	0.28	38	1614	35½	34⅞	35⅜	
Pegasus G		7	513	12⅝	11⅞	12½	+⅛
Perini		6	x100	9⅝	9⅝	9⅝	
Pet HRP x	0.31	7	21	11	10⅞	10⅞	−⅛

NASDAQ NATIONAL MARKET

[illegible] pm prices December 5

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		31	650	28⅛	27½	27⅞	−⅛
XL Data		31	89	10½	10¼	10⅜	
Xoma Corp		10	6794	19¼	17¼	18½	+1⅛
Yellow Fr	0.94	85	1394	26⅛	25⅝	25¾	−⅛
York Rsch		58	2894	7⅞	6⅞	7	−⅛
ZionsUtah	1.44	8	12	41¼	40¼	40¼	−1

AMERICA

Dow weakens on domestic and overseas concerns

Wall Street

US SHARE prices eased yesterday morning as Wall Street followed other world [illegible] lower, *writes* [illegible] *Zagor* [illegible].

At 1.30 pm, the [illegible] Jones Industrial Average had lost [illegible] and stood [illegible] 2,889.98 in modest volume. Declining [illegible] led advancing ones by 11 [illegible] 5. The [illegible] fall gained momentum when the Dow failed [illegible] hold [illegible] level. [illegible] Wednesday, [illegible] Dow [illegible] to 2,911.67.

Other indices [illegible] moved lower. The Standard & Poor's 500 dropped 3.33 to 376.74 by 1 pm, and the Nasdaq composite finally succumbed to the market's downward pressure and fell 1.80 to 533.48.

US equities [illegible] ground in early trading amid concern that the Bundesbank [illegible] planning [illegible] German monetary policy. The US market [illegible] further weakened by apprehension about the [illegible] fears [illegible] fourth quarter.

An announcement of [illegible]ganisation plans by IBM helped [illegible] big computer [illegible] halt [illegible] trajectory. The company's shares [illegible] to $90¼, [illegible] closing [illegible] low [illegible] Wednesday.

Boeing added $⅞ to $42¼ in active trading, regaining part of [illegible] loss, after [illegible] company told analysts that it [illegible] not [illegible] able to maintain planned production [illegible] if the airliner market did not improve. UAL, which also predicted bleak earnings this week, tumbled [illegible] $120¼.

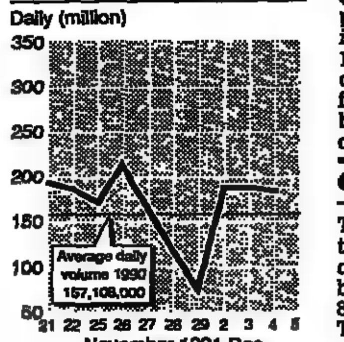
News that the Daily News had filed [illegible] Chapter 11 protection from creditors did nothing to help [illegible] New York Times. Its class A issues fell [illegible] to $18⅞, near its 52-week low.

In the pharmaceutical sector, Upjohn slid $2¼ to $37⅞ after Alex. Brown cut its rating on [illegible]. A European advisory board [illegible] due to make recom[illegible] on Upjohn's [illegible] selling Halcion sleeping pill [illegible] report will be negative. [illegible] the drug [illegible] recently [illegible] in the UK. Merck also edged lower, sliding $1⅞ to $148⅞, while Glaxo's American Depositary Receipts gained $⅜ to $29⅜.

Sanifill, which operates hazardous waste landfills, plunged $6⅝ to $15¼ after predicting lower than expected earnings for 1992.

In over-the-counter trading, Lotus Development climbed $1½ to $20¼ after the computer software maker said that *it would slash its workforce by* 10 per cent in an effort to cut costs. Lotus expects to take a fourth quarter charge of between $14m and $18m to cover the measures.

NYSE volume



Canada

TORONTO stocks were flat in thin trade at midday, in spite *of cuts by Canada's six leading* banks in their prime rates to 8.0 per cent from 8.5 per cent. The composite index lost 2.4 to 3,425.1, recovering from an earlier low of 3,419.25. Declining issues led advances by 273 to *171 in volume of 11.9m shares* valued at C$151.3m.

Canadian Imperial Bank rose C$½ to C$33. The bank reported a jump in fourth quarter earnings to C$1.09 per share from C$1 previously. Royal Trust eased C$¼ to C$7 a new 52-week low, in a move away from trusts following dismal analysts' forecasts for Central Guaranty Trust.

Cautious consensus in pre-election Taiwan

Prospects are better in Taipei, but investors are playing it safe, writes Antonia Sharpe

AFTER an unimpressive performance this [illegible], the prospects [illegible] Taiwan's stock market in 1992 are looking decidedly better.

Taiwan has fallen 4.2 per cent in 1991 to date, compared with a 26 per cent rise in the *FT-Actuaries Pacific Rim ex* Japan index; in the process it has failed to recoup any of the 80 per cent collapse it suffered in 1990.

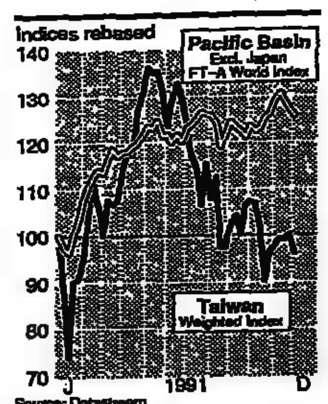
Analysts blame this year's lethargy on the opening of the *state-dominated banking system* to private competition. This prompted a flight of capital from the stock market as large industrial groups sold shares to raise the required capital to set up private banks.

The stock market has also had to compete with high interest rates, forced up by the government's intention [illegible] *finance its US$303bn six-year* National Development Plan largely through bond issues and increased public spending.

A third reason for the stock market's caution comes in the form of the National Assembly elections due on December 21, which are expected to open the prospect of more seats for the small, but vocal, opposition DPP party. In the run-up to the country's first real elections since 1949, the governing KMT party has been reluctant to *push through any unpopular* policies.

With investors playing safe and putting their savings in time deposits until all these uncertainties are resolved, it is little wonder that the stock *market has failed to build up* much momentum or reflect the country's buoyant economy.

Mr John Engle, Hoare Govett's country analyst, is confident that the stock market will start to perform in the first quarter of next year. "The underlying economy is very strong," he says. Total exports have been rising at 13 and 14 *per cent year on year*, with exports to Europe – mainly in textiles and synthetic fibre – showing a growth rate of 20 to 25 per cent. "There has also been an obvious improvement in ties with mainland China," Mr Engle adds.



Source: Datastream

Mr Bill Stoops at Baring Securities is also positive about the stock market, given the stronger economic performance in Taiwan this year compared with South Korea. [illegible], however, that the stock market is likely to remain in its established [illegible] of between 4,200 and 4,500 on the weighted index until after the election. "The market could trade for a little while longer in this box," he says. Yesterday the index receded 38.04 to close at 4,340.09.

Mr Engle is particularly keen on construction and engineering companies in the Taiwan stock market, since those are the sectors that are most likely to benefit from the government's ambitious six-year development plan.

Financing the programme is *not causing too much concern* for now; the government has *US$77bn of foreign reserves* which it can use, and it has other assets at its disposal. The government, anxious to avoid any overheating in the economy, has indicated a certain flexibility about the duration of the development plan.

International investors are taking a *greater* interest in Taiwan following the opening of the market to foreigners earlier [illegible]. Foreign [illegible]tors currently hold less than one per cent of the stock market's equity capitalisation, of which between 30 and 40 per cent is actually tradeable.

For those who are unwilling to invest more than US$5m (by investing this sum, they can apply for permission to buy the shares in their own name), there is the alternative choice of at least five new funds launched this year.

Two of the funds – Thornton Taiwan *Fund* and BZW's Taiwan Tracker Fund – provide a workable solution to restrictions stemming from the country's foreign exchange controls. Both funds are divided into a Taiwan dollar cash series and a stock market series, which allow investors to move in and out of the stock market on a weekly basis.

The suggestion of an improvement in liquidity is another positive factor underpinning the stock market in 1992. Expectations of a fall in interest rates should reduce the marginal benefit of rolling over time deposits. Data from Hoare Govett show that time deposits now amount to T$3,730bn (US$145bn), or 126 per cent of the stock market's capitalisation.

[illegible] PACIFIC

Nikkei declines in derivatives-led trading

Tokyo

DERIVATIVES-led trading continued to move the equity mar*ket yesterday, but this time the* Nikkei [illegible] ended lower [illegible] volatile session, *writes* [illegible] *Terazono in Tokyo.*

The Nikkei [illegible] 210.27 down [illegible] 22,459.17 [illegible] opening [illegible] day's high of [illegible]. The [illegible] 22,181.55. Volume [illegible] from [illegible] shares [illegible] 200m, institutional investors staying on the sidelines and index-linked trading [illegible] option [illegible] dominating the market.

Falls [illegible] by [illegible] 416, with 157 [illegible] unchanged. *The Topix* [illegible] tion stocks shed 13.60 to 1,714.87. In London [illegible] ISE/Nikkei [illegible] finished only [illegible].

Heavy index-linked selling by a leading British house depressed share prices in the morning. Market participants were cautious over option-related movements as yesterday was execution day for December options contracts.

Favourable economic fundamentals, including the fall in long bond yields, the yen's strength against the dollar, and better than expected GNP figures for the third quarter announced on Wednesday, failed to support the market.

Some traders said yesterday's decline was not as severe as expected. "There is more hope for lower interest rates and people are feeling more comfortable," commented Mr Chris Appleton at Baring Securities. *However, he added that* investors may wait for next *week's release of the Bank of* Japan's tankan – quarterly business survey – before making any major investment moves.

Foreigners were seen unloading holdings in international blue chips. Sony retreated Y100 to Y4,260.

Aids-related issues were actively traded. Unitika, the textiles [illegible], rose [illegible] Y500 on reports of a develop[illegible] *an anti-Aids drug.*

MR NICHOLAS KNIGHT [illegible] Institute Europe, whose name is a byword for bearishness [illegible] the UK *equity market, took* [illegible] *trip to Tokyo and the Far East* recently and has returned to report "a sense of impending doom closing in on the Japanese equity market".

"To say that the local investors are [illegible] bullish at the moment is somewhat of an understatement," he says, "but to imagine that this means that all the bad news is now in the price would be the height of folly." According to Mr Knight, and his colleague, Mr Anthony Broccardo, the Nikkei could drop below 20,000.

Okamoto, the prophylactic maker, put on Y30 [illegible] Y1,140.

Other speculative shares were also active, with Toyo Ink up Y74 to [illegible]. Nippon Carbon climbed Y110 [illegible] an all-time high of Y2,950.

Steels continued to fall on margin selling after the research arm of a leading Japanese broker forecast that profits of the six leading steel companies would decline sharply in the current year. Kawasaki Steel slipped Y9 to Y351.

In Osaka, the OSE average gained 166.57 to 24,309.69 in volume of 12m shares. Small-lot bargain hunting supported cheaper stocks. Kobayashi Metals, a trading company specialising in hardware, moved ahead Y25 to Y725 on reports that it would report a 21 per cent rise in pre-tax profits to a record Y1.1bn.

Roundup

PACIFIC RIM markets concentrated on domestic issues yesterday. Bangkok was closed for the King of Thailand's birthday holiday.

AUSTRALIA fell on news that the economy was still in recession and fears that this could prompt analysts to revise their earnings forecasts down. The unexpected announcement was contained in Australia's national accounts, which showed that GDP has fallen for the past five quarters in a row. The All Ordinaries index *declined 6.6 to 1,608.2 in turn*over of A$214m, after A$180m.

Banks rose on hopes of further cuts in interest rates to revive the economy. Commonwealth Bank of Australia firmed 4 cents to A$7.42.

James Hardie receded 6 cents to A$2.88 after reporting a 28 per cent drop in operating profits after tax.

NEW ZEALAND finished weaker as another bout of foreign selling orders depressed prices and kept turnover at rel*atively high* levels. The NZSE-40 index dipped 8.64 to 1,459.03 in turnover of NZ$32.6m, against NZ$44.5m.

Brierley Investments eased 2 cents to NZ$1.00 on volume of 6.9m shares, which included block sales of 3.9m shares at NZ$1.01 and 1.9m shares at NZ$1.00.

SEOUL fell on a late selling spree prompted by a string of discouraging rumours. The composite index was down 10.55 to 621.04 in turnover of Won140.5bn, after Won182.9bn.

Prices weakened on persistent fears about business fail*ures and rumours that the gov*ernment had initiated investigations into some large companies for possible tax evasion.

MANILA continued to be supported by Philippine Long Distance Telephone, which added 55 pesos at 797.50 pesos. The composite index appreciated 11.28 to 1,115.57 but turnover decreased to 83m pesos from 109m.

HONG KONG ended mixed after subdued trading. The Hang Seng index eased 4.44 to 4,157.15. Turnover contracted to HK$933m from HK$1.16bn.

KUALA LUMPUR ended softer in patchy trading but had virtually recouped an early loss. The composite index ended off 0.09 at 529.32 in turnover of M$45.4m (M$40.2m).

SINGAPORE closed little changed. The Straits Times Industrial index shed 1.09 to 1,487.35 in S$53m turnover.

SOUTH AFRICA

JOHANNESBURG eased in dull trading, although a fall in the financial rand provided some support. The all-gold index fell 7 to 1,218, and the industrial index also lost 7 to *4,157. The all-share index* slipped 10 [illegible] 3,485.

EUROPE

Bundesbank decision offers comfort to some bourses

INTEREST RATE movements captured the attention of continental investors yesterday, as *Sweden's central bank raised* its key lending rate and the [illegible] decided not to, [illegible] *Our* [illegible]

FRANKFURT had a subdued, aimless day as investors and traders waited for the outcome of the Bundesbank's council meeting, due after the bourse closed. The FAZ index fell 5.37 to 636.10 at midsession and the *DAX lost* [illegible] 1,553.42, reflecting the minor losses in *Wednesday's post-bourse.*

Volume fell again, from [illegible]. After hours, there was [illegible] increase in prices as the Bundesbank decided to keep interest rates steady.

The spotlight stayed firmly on Continental, the tyre company, which closed DM4.50 higher at DM220. With a further gain of DM4 in the post-bourse to DM224, Conti has *risen 13 per cent since the col*lapse of co-operation talks with *Pirelli of Italy last weekend.* The stock is also responding to earnings per share forecasts of up to DM15 for 1992.

STOCKHOLM focused on the Riksbank's swingeing increase in its key lending rate, of six percentage points to 17.5 per cent. The move took the equity market by surprise, and its initial reaction was a drop of about 3 per cent from Wednesday's close.

But on reflection, [illegible] and analysts concluded that, if the [illegible] stemmed [illegible]ulative flight of currency, it would be strictly a short-term measure. The Affärsvärlden General index [illegible] 11.1, [illegible] 1.2 per cent, lower [illegible]

PARIS ended near [illegible] day's high [illegible] Bundesbank's [illegible]. The CAC [illegible] index *closed 10.70 down at 1,703.23,* after falling to a day's low of 1,686.88 *in nervous trading.* Turnover [illegible] moderate at FFr1.9bn, down from FFr2.5bn.

FT-SE *Eurotrack 100* - Dec 5

Hourly changes							
Open	[illegible] pm	11 am	Noon	1 pm	2 pm	3 pm	Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1047.74	1048.17	[illegible]

Day's High [illegible] Day's Low [illegible]

Dec 4	[illegible] 3	[illegible] 2	[illegible]	[illegible] 28
1058.20	1056.25	[illegible]	[illegible]	[illegible]

Base value 1000 (26/10/90)

Accor fell another FFr14 to *FFr626 after this week's Bel*gian court ruling [illegible] the French [illegible] group [illegible] Société [illegible] de Belgique [illegible] raise their [illegible] Wagons-Lits. Yesterday the [illegible] extend the bid by 10 days.

Arjomari-Prioux was the most active stock, falling FFr16 [illegible] FFr2,375 in [illegible] of FFr259m. It had risen sharply on Tuesday [illegible] a two-week suspension, during [illegible] Saint-[illegible] offered [illegible] buy in the minority.

Oil stocks were weak, with *Elf Aquitaine down FFr6.40 at* FFr381.60 and Total off FFr30 [illegible] FFr1,004.

MILAN sank deeper into its depression. The Comit index fell [illegible] to 502.89 in [illegible] estimated at close to Wednesday's L77bn.

Pirelli SpA resumed its slide after the brief pause on Wednesday, falling 2.9 per cent or L35 to L1,180. The bourse watchdog, Consob, [illegible] *reported to* [illegible] *opened an* investigation into possible *insider trading of shares in* Pirelli prior to the company's weekend announcement of losses linked to the failed takeover of Continental.

The computer maker, Oli[illegible], dipped 1.2 per cent or L32 [illegible] L2,638. Telecoms [illegible] cumbed [illegible] the bearish tone, with [illegible] *falling* [illegible] *L2,010,* but insurers minimised their *losses,* [illegible] *falling* only L170 [illegible] L27,050.

ZURICH [illegible] lower in dull trading, [illegible] Crédit [illegible] index dropping [illegible]

The employment group, *Adia, topped the active list and* closed SFr25 lower at SFr394 *after it denied a report that it* might have to take a bigger loss than expected on the planned sale of non-core businesses.

Bearers in Mövenpick, the restaurant and hotels group, rose SFr100 to SFr4,050 after the company confirmed that its founder, Mr Uli Prager, was seeking [illegible] buyer for his majority stake.

BRUSSELS was worried by *the possibility of a German* interest [illegible] rise, closing [illegible] *deci*[illegible] was known. The Bel20 [illegible] in light turnover [illegible] BFr530m. [illegible] Belgique dropped [illegible] BFr1,855, as Wagons-Lits remained [illegible]ded.

AMSTERDAM [illegible] lower in quiet trading. The [illegible] Tendency index fell [illegible] 88.1. *Amev rose 70 cents to Fl 51.70* after reporting [illegible]-ex*pected third quarter results.*

MADRID slipped in quiet trading before [illegible] four-day weekend, although turnover picked up [illegible] from Pta7.76bn. The general index fell 1.07 to [illegible]

OSLO ignored the [illegible] in Swedish rates, and its all-share index rose 1.53 to [illegible]. HELSINKI registered a new low for *the year, the Hex index falling* 6.68 to 805.42.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, [illegible] Co., and County [illegible] Mackenzie in conjunction with the [illegible] Actuaries [illegible] Faculty [illegible] Actuaries

NATIONAL AND REGIONAL MARKETS	[illegible] DECEMBER 4 [illegible]								[illegible] DECEMBER 3 1991					DOLLAR INDEX		
Figures in parentheses [illegible] of stock	US Dollar Index	[illegible] %	[illegible]	Yen [illegible]	DM Index	Local Currency [illegible]	Local % chg on day	Gross Div. Yield	US Dollar [illegible]	[illegible] Sterling [illegible]	[illegible] Index	DM Index	Local Currency [illegible]	[illegible] High	1991 [illegible]	[illegible] ago (approx)
Australia (69)	152.62	+0.8	127.59	[illegible]	128.07	[illegible]	+0.5	4.52	151.67	[illegible]	[illegible]	127.23	128.47	[illegible]	112.74	121.05
Austria (20)	167.16	+0.3	139.74	[illegible]	140.27	[illegible]	−0.1	2.07	166.59	[illegible]	[illegible]	139.75	139.68	[illegible]	153.86	199.56
Belgium (47)	132.90	+0.2	111.10	[illegible]	111.51	[illegible]	+0.2	5.44	132.64	111.01	[illegible]	111.26	108.60	151.20	[illegible]	135.42
Canada (115)	136.17	−1.0	113.84	111.46	[illegible]	111.92	−0.9	3.33	137.52	[illegible]	[illegible]	115.35	112.92	144.28	[illegible]	128.53
[illegible] (37)	252.31	−0.1	210.92	[illegible]	211.71	215.59	+0.0	1.66	252.64	211.44	[illegible]	211.93	215.53	270.56	[illegible]	238.84
Finland (15)	75.80	−0.3	63.37	[illegible]	63.61	69.19	−0.7	3.52	76.01	[illegible]	62.20	63.76	69.72	[illegible]	[illegible]	106.85
France ([illegible]09)	137.52	−0.5	114.97	112.57	115.39	119.08	−0.3	3.72	138.19	115.66	113.07	115.91	119.50	152.26	119.11	141.59
[illegible]ny (65)	110.05	+1.1	92.00	[illegible]	92.35	92.35	+1.1	2.49	108.89	91.13	[illegible]	91.34	91.34	125.35	94.15	116.94
Hong Kong (55)	170.91	+0.8	142.88	139.91	143.42	170.42	+0.9	4.35	169.48	141.84	138.68	142.18	168.95	[illegible]	119.62	124.49
Ireland (18)	154.85	+0.8	129.45	126.76	129.94	132.24	+1.0	3.79	153.58	128.53	125.67	128.83	130.95	[illegible]	132.88	147.04
Italy (77)	70.94	−1.0	59.30	58.07	59.52	64.64	−0.7	3.59	71.63	58.95	58.61	60.06	65.12	[illegible]	64.76	79.94
Japan (474)	131.93	+1.0	110.29	106.00	110.72	108.00	+1.1	0.79	130.58	109.28	106.85	109.55	[illegible]	146.97	118.23	118.01
Malaysia (68)	202.91	+0.4	169.63	166.09	170.26	214.83	+0.3	2.90	202.06	169.11	165.34	169.50	[illegible]	247.78	189.18	198.29
Mexico (17)	1328.47	−0.1	1110.56	1087.48	1114.74	4417.00	−0.1	1.16	1330.09	1113.17	1088.38	1115.75	4422.38	1404.63	534.45	586.44
Netherland (31)	143.38	+0.2	119.86	117.37	120.31	119.13	+0.2	4.53	143.13	119.79	117.12	120.07	118.86	148.25	125.70	133.94
New Zealand (14)	47.08	−1.9	39.36	38.54	39.51	44.44	−2.0	6.25	47.99	40.16	39.27	40.26	45.33	54.64	41.18	47.27
Norway (30)	163.26	+3.7	136.48	133.64	137.00	140.88	+3.8	1.83	157.47	131.79	128.86	132.10	135.78	223.24	157.08	217.97
Singapore (38)	204.94	−0.1	171.33	167.77	171.97	156.68	−0.3	2.23	205.06	171.62	167.80	172.02	157.10	213.93	151.63	154.41
South Africa (61)	264.29	−0.3	220.94	216.34	221.77	176.66	−0.5	2.79	265.14	221.90	216.95	222.41	177.51	271.99	173.00	181.67
Spain (53)	145.97	−0.2	122.03	119.50	122.49	114.07	+0.0	4.85	146.21	122.37	119.64	122.65	114.09	171.12	131.51	146.60
Sweden (25)	166.49	−0.5	139.18	136.29	139.71	145.91	−0.4	3.06	167.40	140.10	136.99	140.43	146.46	204.12	146.80	164.74
Switzerland (59)	93.73	+0.5	78.36	76.73	78.66	83.04	+0.6	2.43	93.25	78.04	76.31	78.24	82.53	100.67	82.17	90.40
United Kingdom (239)	171.62	+0.2	143.47	140.47	144.00	143.47	+0.1	5.20	171.26	143.33	140.13	143.65	143.33	187.44	156.27	165.81
USA (526)	154.82	−0.2	129.43	126.74	129.92	154.82	−0.2	3.14	155.17	129.86	126.97	130.17	155.17	161.59	125.95	133.25
Europe (825)	137.22	+0.2	114.71	112.33	115.15	115.66	+0.2	4.17	136.98	114.64	112.09	114.91	115.45	151.52	125.50	137.51
Nordic (107)	171.22	+0.1	143.13	140.16	143.67	142.81	+0.2	2.26	171.03	143.14	139.95	143.47	142.46	200.81	155.55	172.99
Pacific Basin (718)	133.35	+1.0	111.48	109.16	111.90	110.17	+1.0	1.13	132.06	110.52	108.06	110.78	109.07	145.92	117.86	118.05
Euro−Pacific (1543)	135.22	+0.7	113.04	110.68	113.46	113.13	+0.7	2.36	134.35	112.44	109.92	112.69	112.38	147.66	121.29	126.31
North America (641)	153.60	−0.3	128.40	125.75	128.91	151.92	−0.3	3.15	154.00	128.88	126.03	129.20	152.31	160.44	125.91	132.87
Europe Ex. UK (586)	116.57	+0.2	97.45	95.44	97.84	99.63	+0.2	3.41	116.39	97.41	95.26	97.66	99.39	129.80	103.58	119.95
Pacific Ex. Japan (244)	147.39	+0.5	123.21	120.67	123.69	130.51	+0.4	4.16	146.65	122.74	120.02	123.03	129.94	153.19	111.40	117.87
World Ex. US (1736)	137.38	+0.6	114.85	112.47	115.28	114.83	+0.6	2.39	136.60	114.32	111.79	114.59	114.16	148.16	122.32	127.19
World Ex. UK (2023)	139.43	+0.3	116.56	114.14	117.01	125.68	+0.3	2.38	139.03	116.35	113.77	116.64	125.29	146.16	120.08	124.60
World Ex. So. Af. (2201)	141.41	+0.3	118.22	115.77	118.67	126.95	+0.3	2.66	141.01	118.01	115.39	118.30	126.56	148.66	122.92	127.94
World Ex. Japan (1788)	149.05	−0.1	124.60	122.02	125.09	138.07	−0.1	3.54	149.15	124.83	122.06	125.14	138.17	155.59	[illegible]	134.86
The World [illegible] (2262)	142.24	+0.3	118.91	116.44	119.36	127.39	+0.3	2.67	[illegible]	118.71	[illegible]	[illegible]	127.02	[illegible]	[illegible]	[illegible]

هكذا من الأصل

RECRUITMENT

JOBS: Adrian Furnham considers the pitfalls for employers of taking up job applicants' references

Reading the message between the lines

Despite their shortcomings, the employment interview and the letter of recommendation remain the most prevalent methods of evaluating prospective employees.

Enough has been said and written about the employment interview but what of [redacted] quaint [redacted] of requesting letters of reference and testimonials? Why do we call for them? How does one spot classic lies, attempts to fudge or obfuscate?

What people are usually doing when they [redacted] references is increasing the size of the selection committee; adding to the number of people making the judgment on the candidate; spreading the blame or at least diffusing responsibility.

Furthermore reference writers are supposed to know the candidate extremely well and be in a position to comment on his or her behaviour, skills, abilities and temperament on, as well as off, the job.

In this sense they represent what one might call, in medical circles, an expert second opinion. From [redacted] point of view [redacted] desirable – given the difficulty of trying to get rid of people that one has mistakenly appointed.

Requests for references come in many forms [redacted] indeed [redacted] testimonials though we are probably seeing less of the latter. Some simply tell the referee that a person known to them has applied for a certain position, and would they be so kind as to state the extent to which the candidate was suitable. Other requests require comment on the extent to which the candidate is punctual, socially adept, computer literate, hypochondriacal and so on.

Some references require one to fill out rating scales going from outstanding to poor and using wonderfully school-master phrases like satisfactory and average. The range, format and purpose of [redacted] to amaze me. Years [redacted] while a post-graduate, [redacted] of mine applied for a holiday job [redacted] Harrods. For some reason it was thought she would be well suited to the fish counter. She was asked to nominate referees and I was chosen presumably because I would use (on her request) Oxford University notepaper.

The request duly arrived and I dutifully completed it as requested. Of course I never mentioned that my friend was the sickly type given to taking to her bed when the trials and tribulations of this world got too much for her. Neither did I mention that she was a Marxist opposed to nearly [redacted] thing that capitalist Knightsbridge stood for. More recently I received a four [redacted] questionnaire on one [redacted] past [redacted] dents that seemed more [redacted] that was required [redacted] positive vetting. It could have been a way [redacted] collecting what is now called biodata and took [redacted] complete.

There are, in my view, [redacted] which render references of [redacted] pretty [redacted] frequently referees are chosen/nominated by the [redacted] so [redacted] unwritten, implicit and [redacted] ambiguous rules for writing references in code; one cannot be sure of the motives [redacted] the writer in completing the reference.

The [redacted] problem lies in [redacted] the references are [redacted] from. Some interview panels [redacted] completely non-specific, requesting letters from "two people who know you well". Others specify your boss, immediate superior, former lecturer – but these often give the candidate pretty extensive leeway to choose another.

It is comparatively rare that candidates are required [redacted] a [redacted] someone mentioned by name and [redacted] the exact choice of [redacted] writer is open to potential abuse. One trick is [redacted] get [redacted] high [redacted] referee.

Secondly, [redacted] that references [redacted] in [redacted] sort of [redacted] own makes them difficult [redacted] crack. They [redacted] dreadfully [redacted] and [redacted] is quite [redacted] recognise [redacted] refereed, [redacted] them. [redacted] nationalities [redacted] than others – they write as if every student is an Einstein, every worker a Stakonovite, every leader a Churchill. These refer[redacted] worthless because they fail [redacted] the able from [redacted] unable, the [redacted]petent from the incompetent, [redacted] from the inefficient.

The British, however, are uncomfortable with excess – particularly praising – preferring [redacted] understate. They [redacted] like a hint [redacted]ing that it is better to praise [redacted] way. They also [redacted] coded phrases that [redacted] them the reputation for being perfidious.

For "while Mr [redacted] was occasionally a little lapse in time keeping . . ." [redacted] he [redacted] habitually late; "Clearly [redacted]ing out of earlier irresponsibility" [redacted] immature; "At her [redacted] with close [redacted]" should read socially unskilled with clients [redacted] "got [redacted] well [redacted] lower [redacted]" "is rather dull".

Debrett's, that [redacted] cele[redacted] of etiquette books, warns prospective hirers of good nannies: "A too brief letter of reference gives some clue to investigate further, and if a [redacted] employer is [redacted] than enthusiastic about [redacted] former [redacted] a telephone chat will make the situation quite clear." But will it? What [redacted] there [redacted] that people who are tactful and diplomatic (dishonest) in print cannot or will not be the same [redacted] the telephone?

I suspect a phone call [redacted] bring specific answers [redacted]cific questions but, unless the reference writer is [redacted] of being sued, he will give very [redacted] the same impression [redacted] reference.

The final problem [redacted] in the [redacted] reference writer. The [redacted] an employee [redacted] – some good, others bad – and it is not [redacted]cult [redacted] how [redacted] might [redacted] the writer [redacted] a reference. [redacted] again [redacted] refer[redacted] for household staff: "When giving [redacted] reference, it [redacted] not [redacted] recommend an employee whom you would not employee yourself. On the other hand, it [redacted] essential to remember the importance of a good reference to [redacted] seeking [redacted] household post, so [redacted] if [redacted] are smarting with [redacted] you must be scrupulously fair and explain the good points [redacted] the applicant as well as [redacted] bad." True enough but rarely done.

There [redacted] a temptation [redacted] put in [redacted] positive recommendation hoping that someone else will inherit your problems. This [redacted] more common and more seri[redacted] sin than writing [redacted] bad reference for [redacted] good employee that [redacted]. By definition if they are good, employees will [redacted] well despite [redacted] references.

I rest [redacted] against references, not only on personal experience but [redacted] on [redacted] most respectable [redacted] to define [redacted] all activities, research.

Studies [redacted] the [redacted] organisational behaviour [redacted] personnel psychology have shown that letters of reference [redacted] applicant competence [redacted] not predictive of future job performance. This is mainly due [redacted] the [redacted] that they are too homogeneous [redacted] respect to [redacted] evaluation of applicant attributes and qualifications because everyone is characterised as "somewhat desirable."

However it has been observed that some negative comments among the positive may be seen as [redacted] sign of honesty [redacted] the part of [redacted]

Many otherwise intelligent and sceptical employees and educationalists believe that with [redacted] modicum of common [redacted], the process of selection is straightforward. Far from it, as people [redacted] studied the [redacted] know to their own [redacted].

Outdated, invalid and corruptible methods [redacted] still used and misplaced faith [redacted] them. Letters [redacted] in general, [redacted] susceptible [redacted] of [redacted] another, to [redacted] of [redacted] real value [redacted] making [redacted] generally [redacted] decision of selection, appointment and promotion.

[redacted] head of [redacted] Psychology Unit at University College, [redacted] WC1

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[redacted]

Full confidentiality guaranteed

INTERNATIONAL/PROJECT FINANCE

10+ years industry experience on major technology and [redacted] projects. [redacted] in management of financial risk [redacted] term international contracts. Cash [redacted] currency, [redacted] interest rate, inflation risk, bonding. BS (Civil Eng.), [redacted] in Finance. [redacted] and Management Information [redacted] International Finance/Project Finance position with major [redacted] Service, Real Estate, [redacted] Bank or Corporate Organisation based in London or Paris.

Please reply with brief details to Michael D. Zarum
[redacted] Road [redacted]
Framingham, [redacted]
TEL: (508) [redacted] FAX: (508) [redacted]

SWAPS AND EQUITY DERIVATIVES

Analytics and decision support professionals

Excellent package · City

True [redacted] its long-held principle of conducting "only first-class business . . . in [redacted] first-class way", JP Morgan has earned a fine reputation for its advanced techniques [redacted] analytical support [redacted] trading decision making.

As one of the world's premier banking and securities firms, JP Morgan [redacted] developing an integrated approach [redacted] quantitative analysis, with research interfacing closely with systems builders. Into this environment of excellence [redacted] wish to [redacted] analytics professionals with [redacted] least three years' experience of working directly with traders and with a sound understanding of PC systems.

One a specialist in swaps and the other in the equity derivative market, both analysts will be expert in pricing models and risk management techniques and capable of tackling broad issues in [redacted] multi-disciplined team environment.

Strong intellect, numeracy and academic achievements are essential, along with good interpersonal skills and [redacted] desire to be at the forefront of analytic thinking.

We can offer an excellent salary and benefits package.

Please write, with full [redacted] details, quoting ref 422, [redacted] Simon Cirven, JM Management Services Limited, Chandos House, 12–14 Berry Street, London EC1V 0AQ. Telephone 071–253 7172 during office hours or 0836 219419 evenings. Fax 071–253 0420

JPMorgan

c.£25K + car + benefits Northampton

Think Laterally, Move Vertically

Senior Projects Consultants

The second largest building society [redacted] the UK, [redacted] Nationwide has [redacted] unique reputation for [redacted] and forward thinking in the provision of financial services.

We take a lateral approach to problem solving and [redacted] developed an outstanding portfolio of mortgage, investment and other financial products.

[redacted] content with our successful performance, we are striving to improve our high levels of customer service and satisfaction, and continue to lead the changes in our competitive marketplace.

In this strategic role you will review and refine a number [redacted] significant projects simultaneously. Concentrating on mortgage and insurance systems, you will interface throughout the society at [redacted] highest levels as you identify problems [redacted] see them through to successful resolution.

This involves managing our resources and projects, within strict [redacted] and budgets, from negotiating terms of reference to implementation and [redacted] up.

Drawing on substantial project management experience within [redacted] large financial organisation, it is essential that you have very strong awareness of Information Technology, [redacted] fully appreciate the [redacted] of technology as a means [redacted] sharpening efficiency throughout the Society.

A [redacted] starter, you combine creativity with proven problem solving [redacted] to drive [redacted] through. Your personal skills, including [redacted] awareness and an astute political mind, will ensure delivery of [redacted] in this challenging, high profile role, in which you will work autonomously with freedom to put [redacted] action.

[redacted] expect you to [redacted] outstanding [redacted] and [redacted] the potential to move quickly on [redacted] this position [redacted] senior management, in line with your highest ambitions [redacted] drive to [redacted].

In addition to your high profile [redacted] opportunities for future progression you will enjoy an [redacted] salary [redacted] generous [redacted] package, including a company [redacted] concessionary [redacted] participation in our life assurance and pension [redacted].

The Society upholds a [redacted] air policy [redacted] the comfort and safety of staff. Accordingly smoking is prohibited [redacted] premises.

Please write, enclosing your full career and salary details, [redacted] Bill Blumson, Human [redacted] Consultant, [redacted] Building Society, King's Park Road, [redacted] Park, Northampton NN3 1NL.

Nationwide

[redacted] Nation's Building Society

Smaller Companies Fund Manager

Merchant Bank

to £40,000 + Executive Benefits and Attractive Bonus Scheme

Our client is the City based, [redacted] management subsidiary of an old established merchant bank. An opportunity has arisen to join their well regarded and highly professional investment team [redacted] a key level.

As [redacted] team member in an unbureaucratic environment, your brief will involve full responsibility for the company's top performing, smaller companies fund. Furthermore, you will be actively involved in marketing presentations [redacted] institutional clients and IFA's.

Aged between 28 and 35, you [redacted] a graduate or you will have had a sound training in credit analysis. You are a smaller companies fund manager with at least three years investment management experience and [redacted] looking for the right opportunity [redacted] advance your career with a quality house. The personal qualities of discipline coupled with strong analytical skills and entrepreneurial flair would be a distinct advantage.

Please apply in writing [redacted] **FLA Ltd, Confidential Reply Service, 16 Old Bond Street, London, W1X 3DB, quoting reference 1422.** Please state those companies you do not wish your application [redacted] be forwarded to.

FLA
[redacted] SELECTION [redacted]

THE PRIVATE BANK & TRUST COMPANY LIMITED provides top quality comprehensive banking services to wealthy, successful individuals and the companies with which they are associated. The location is Berkeley Square, London. There are associated banks in Geneva, Luxembourg and Athens. The Bank is seeking a dynamic individual who is able to manage long term relationships with clients and is capable of developing new relationships. The individual must have expert knowledge in all treasury products, will have at least 5 years experience of trading in options and financial futures as well as running a small team. The successful candidate will be fluent in at least 3 European languages and preferably a Middle East language, will have an MBA or equivalent post graduate degree and a proven track record both in terms of profit generation and trading, as well as in development of new business. Please write to: Brian A. FitzGerald, Director Banking, The Private Bank & Trust Company Limited, Lansdowne House, Berkeley Square, London W1X 5DG.

FRANKFURT

Swaps Marketing

£70-100,000

An established player in the derivatives market is seeking to recruit an experienced specialist. You will have a minimum of 3 years experience covering Interbank/Corporate marketing. Exposure to German speaking Europe and the ability to speak German is essential.

Please [redacted] Nigel Haworth on 071-623 1266

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
[redacted] 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax: [redacted] 5259

JONATHAN WREN

INTERNATIONAL EQUITY SALESPERSON

A major bracket firm with strong underwriting and fundamental research focus seeks qualified international equity [redacted] person to cover European client base from London office. Requirements include 3+ years of experience in Equity Sales. very competitive salary and benefits.

Please write to Box A1708, Financial Times, One Southwark Bridge, London SE1 9HL.

BANKING

Senior Banker leading to Directorship required by a Private Bank. Applicants with 15 years experience in managerial positions, [redacted] include Products Development and Marketing.

C.V.'s [redacted] be sent to:

L & P Associates, 71B Blackmores Grove, Teddington, Middlesex TW11 9AE

ANALYST

"Applying Mathematics To Investment"

London

Clerical [redacted] is a major [redacted] in [redacted] investment world, managing assets valued at more than £6 billion. We [redacted] renowned for our outstanding investment performance, both in UK and overseas markets, and are now applying more resources to the area [redacted] Quantitative Analysis and [redacted] to provide additional analytical support to our Fund Managers.

[redacted] are looking for a highly numerate graduate, ideally with around [redacted] years' work experience, [redacted] join this team [redacted] Analyst. [redacted] City experience would be an advantage but you do not need to have worked in the quantitative or derivative fields. Your [redacted] will [redacted] analysis in the [redacted] of portfolio [redacted] investigation of opportunities [redacted] use derivatives. [redacted] knowledge of [redacted] mathematical techniques will [redacted] required to [redacted] out these [redacted]

To join us, you must [redacted] an [redacted] of mathematics and [redacted] strongly analytical mind and a good appreciation [redacted] the Finance [redacted] Computer literate, you should also [redacted] ambitious [redacted] pursue a fast paced, intellectually demanding career [redacted] brings [redacted] it exceptional rewards.

At [redacted] you will have every opportunity [redacted] career progression as your skills develop. There will [redacted] competitive [redacted] salary and benefits which [redacted] a non-contributory pension [redacted] free private health [redacted] and [redacted] subsidy [redacted] a qualifying period.

For [redacted] application form, telephone our Human [redacted] Department on Bristol (0275) 552537 or London (071) 321 [redacted] hour ansafone).

Clerical Medical
[redacted] GROUP
THE CHOICE OF THE [redacted]

LDC DISTRIBUTION/ EUROBOND SALES

Our client, [redacted] respected London based merchant bank, currently involved in the underwriting and trading of LDC debt instruments, is expanding its distribution capabilities. The emphasis will be mainly on the distribution of new issues and Brady bonds.

The chosen candidate will ideally be [redacted] graduate, possessing a minimum of two years' Eurobond sales experience [redacted] UK and/or European institutional clients, gained from [redacted] leading player. Preferably the candidate will speak [redacted] least [redacted] additional European language – Spanish being the ideal.

Strong interpersonal skills will be necessary in order to convey successfully the more detailed information clients require before investing in debt of a 'story' nature – high yielding, non-investment grade instruments.

This is an ideal opportunity for an ambitious and innovative salesperson with [redacted] high energy level to come in and build the distribution efforts within [redacted] group with [redacted] strong commitment [redacted] the markets. The salary and benefits package [redacted] competitive and includes a potentially substantial performance-related bonus opportunity.

To apply, in strictest confidence, please telephone or write to **Neil Salt**, quoting reference NAS2102.

Salt Chapman Associates

International Search and Selection

St. George's House, 12A St. George Street,
Hanover Square, London W1R 8AA.
Tel: 071-491 3920. [redacted] 071-491 9709.

Northern Rock Building Society [redacted] a major force in the industry and is the largest Building Society based in North East England.

Regional Lending Managers

South East
Yorkshire/Lancashire
Scotland

Competitive Salary Package
Including Financial Sector Benefits

A key element of the Society's strategy is to expand operations in the sectors of Commercial Mortgage and Property Finance.

To support [redacted] programme we [redacted] require *three additional Regional Lending Managers.* [redacted] be responsible [redacted] identification, evaluation and presentation of loan proposals and [redacted] development [redacted] on-going *relationships* [redacted] *existing* clients.

Applicants will be [redacted] qualified and currently in a commercial lending position, possibly with a major [redacted] brokerage.

Motivated by the [redacted] for success, your interpersonal, negotiating and [redacted] structuring skills will be first class and you will be seeking to make an immediate [redacted] expanding [redacted] portfolio. After [redacted] suitable period, discretionary lending authority [redacted] applicants.

Our competitive salary package, which will reflect experience, includes profit and performance related pay schemes, private [redacted] cover [redacted] concessionary mortgage. [redacted] company car [redacted] also provided. [redacted] relocation package is available [redacted] necessary.

In [redacted] the proposed growth [redacted] this business [redacted] prospects for [redacted] progression [redacted]

Applications in writing [redacted] Margaret Seed, Personnel Officer, Northern [redacted] Building *Society, Northern* [redacted] *House, Gosforth,* [redacted] upon Tyne NE3 4PL.

NORTHERN ROCK
BUILDING SOCIETY

Williams de Broë

EUROPEAN EQUITY SALES

We wish [redacted] add to our team selling an established European equity research product to U.K. institutions. The ideal candidate will have a good degree, fluency [redacted] German [redacted] French, some relevant experience and be between 25 and [redacted] years old.

N. Woodifield
Williams de [redacted] Plc
6 Broadgate, London EC2M 2RP

Portfolio

Corporate Finance Executive

£40,000 + banking benefits

- City Merchant Bank
- Prestigious Client Portfolio
- ACA [redacted] Corporate Financier

Our client, a leading UK Merchant Bank seeks to recruit a Corporate Finance Executive. Advising on mergers and acquisitions, leveraged and management buy-outs, cross border transaction work, corporate marketing and business initiation/negotiation, you will be responsible for executing major and demanding deals. A Corporate Financier or an ACA with 1-3 years' relevant experience in the City, your exemplary background and excellent interpersonal skills will ensure excellent career prospects.
Interested candidates should send a full CV to **Peter Minns** or **Pippa Curtis at Douglas Llambias Associates**, 410 Strand, London WC2R ONS, or telephone 071 836 9501, quoting reference No. FT41291/A.

Trading/Marketing Professionals

Salary Range £30-120,000

- Financial Services Experience

We are working with a number of triple A rated financial institutions for both UK and International Equities and derivative products.
We seek candidates with a minimum of 2 years experience in either a trading, sales or marketing environment.
For further information on these opportunities, send full CV to **Tim Whale at Douglas Llambias Associates**, 410 Strand, London WC2R ONS, or telephone 071 836 9501 (081 460 9341, weekends and after 8:00pm), quoting reference No. FT41291/B.

Operations Manager

£40-50,000 + Benefits

- US Investment Bank
- Derivative Products
- Staff Responsibility

Innovative and highly successful in global markets, this leading institution requires a senior manager to undertake responsibility for all finance, project and systems issues for the Interest Rate Derivatives busi[redacted]

Candidates will be experienced in financial markets and possess outstanding technical, analytical and management skills, together with a strategic outlook. This represents an excellent opportuni[redacted] for a high calibre individual to make an impact on an already extremely profitable operation.

Interested candidates should send a full CV to **Joe Thomas** [redacted] **Douglas Llambias Associates**, 410 Strand, London WC2R ONS, or telephone [redacted] 836 9501, quoting reference No. [redacted]

EDINBURGH
031-225 7744
[redacted]
041-226 3101

LONDON
071-836 9501
MANCHESTER
061-236 1553

DOUGLAS LLAMBIAS
RECRUITMENT CONSULTANTS

COMPLIANCE OFFICER MAJOR FUTURES HOUSE SALARY NEGOTIABLE ON EXPERIENCE

Major City Futures House in [redacted] process of expanding the compliance function, requires a bright, enthusiastic professional with relevant experience. It [redacted] envisaged [redacted] individual, who will already [redacted] used [redacted] communicating [redacted] all levels within an organisation, will command a proactive role in this process. Salary [redacted] negotiable, on experience.

Applicants best suited [redacted] the opportunity should have either a legal [redacted] auditing background.

Those candidates who feel they could contribute [redacted] fast moving environment should write [redacted] the reference below.

Strictest confidence maintained [redacted] times.
Please write with CV [redacted]
Box A1692, Financial Times
One Southwark Bridge, London [redacted] 9HL.

BSI-THORNHILL INVESTMENT MANAGEMENT LTD

Opportunity for Fund Managers and [redacted]

BSI-Thornhill is an expanding firm specialising in discretionary investment management for private individuals and [redacted] a majority-owned subsidiary [redacted] BSI–Banca della Svizzera Italiana which [redacted] itself controlled by [redacted] Bank Corporation.
As part of our general expansion plan we want to hear from [redacted] managers or stockbrokers who would [redacted] to bring their clients to us.
Please write to or telephone James Cave, [redacted] *Chisholm or Adrian Collins* [redacted] St John's Square, London, EC1M 4AE, *Tel: 071-251 6767.*

BSI-Thornhill Investment Management Limited

A member of IMRO

ChinTung Europe Ltd

[redacted] wish to invite applicants to apply
for the following position

FLUENT ENGLISH/CANTONESE SPEAKING *INSTITUTIONAL SALES MANAGER*

Required by Hong Kong based international stockbroking company. At least ten years experience of Far East equities markets necessary (in particular Malaysia and Singapore). Responsibilities will include marketing equities on a worldwide basis, advising the Company's institutional clients on international *Far East equities, liaising with the Company's overseas offices and gathering* marketing information.

Please reply in writing together with [redacted] to The Manager Chin Tung Europe Ltd, Suite [redacted] 2/F Ludgate [redacted] Ludgate Circus, 107 Fleet Street, London EC4A 2AB Fax: 071-353 2707

UK SMALL COMPANIES ANALYSTS

We are the City's [redacted] independent investment research company and have supplied fee-based analysis on UK smaller companies [redacted] the professional investment management market since 1984. We are keen to ex[redacted]nd.

These new positions (up to 4 analysts), one of whom will also [redacted] required to service [redacted] are in a [redacted] City [redacted] will only suit aggress[redacted] self-starters with at least five years' relevant experience [redacted] versatility, numeracy, literacy and an ability to work very hard are essential, as is [redacted] unusually high [redacted] of [redacted] detail and [redacted] ability to use [redacted] Mac.

Market awareness, contacts, self-confidence and communications' skills are also pre-requisites of the analyst/client servicing position.

Remuneration depends on you – convince us that you are someone we *cannot do without by sending a detailed c.v.* to Jeremy Utton, Managing Director, Metropolitan Research Ltd, 3rd Floor, 148-150 Curtain Road, London, EC2A 3AR. Tel: 071 739 1308 Fax: 071 256 1234

S.G.WARBURG SECURITIES

INVESTOR RELATIONS

Warburg Securities seeks [redacted] appoint an experienced executive to assume [redacted] senior role within its Institutional Investor Relations Department, advising corporate clients [redacted] their investor relations programmes.

Managing a portfolio of clients, specific responsibilities will include:-

- evaluation of company share registers, market activity and sentiment
- advice on institutional communications [redacted]
- involvement in special projects and in developing the team's service.

The ideal candidate will be in their early to mid 30's and have a working knowledge of the UK Equity Market gained in research analysis, fund management [redacted] investor relations consultancy. Strong written and [redacted]bal communication skills, together with computer literacy [redacted] required.

The position offers a competitive salary with [redacted] full range of banking benefits.

Applications, enclosing a curriculum vitae, which will be treated in strict confidence, should be sent to:-

Anita Sprules,
Director, Group Personnel,
S.G.Warburg Group Management Ltd.,
1 Finsbury Avenue,
London [redacted] 2PA

ΖΗΤΟΥΝΤΑΙ ΟΙ ΚΑΛΥΤΕΡΟΙ !

[redacted] Bank, the largest b[redacted] of the private sector in Greece is seeking select and dynamic executives to join its team.

Necessary Qualifications

Candidates should:

- have completed excellent post graduate studies.
- be fluent in English.
- *be fluent in at least one more language of* the EEC in addition to Greek.
- be up to 35 years old.
- have knowledge of and experience in at least one of the following sectors:

- *Private Banking,*
- [redacted] Cards,
- Managerial Accounting, Tax Accounting, Costing,
- Marketing, Market Analysis,
- Dealing,
- Leasing.

The above qualifications [redacted] absolutely necessary but not sufficient for a dynamic career.

Candidates should distinguish themselves for their creativity, imagination and decision making. They should have a broad culture. Excellent references. Eagerness to work.

Destined for Top Executive Positions

Credit Bank intends to appoint those who will be selected to key positions in the Bank *or its affiliated companies. To this purpose,* they will be provided with constant training and will be given every opportunity to assume managerial posts soon.

Remuneration

Total wage packages will be established over and above usual standards at levels determined by the market.

If you have the necessary qualifications and you are interested in a career with us, please send a detailed [redacted]um vitae to the following address:

CREDIT BANK
General Management
c/o Mr. H.P.Verykios
40 Stadiou Street, GR-102 52 ATHENS

ΤΡΑΠΕΖΑ ΠΙΣΤΕΩΣ *Mazi*

Bank Analyst

London Based Competitive Salary

Standard [redacted] Poor's Corporation is a leading provider of financial analysis to international capital markets. In conjunction with the growth of our European debt rating activity, we are seeking an analyst to join our team responsible for the rating of European banks.

This role involves in-depth financial analysis and strategic research on major European banks and other financial institutions. While this position does not have specific linguistic prerequisites, proficiency in a major Continental language, particularly Spanish or Italian, would be an advantage.

Analysts' responsibilities include conducting meetings with senior management [redacted] major European banks, along with the presentation of analysis for internal rating purposes and external publication. You will have a solid understanding of bank analysis, most likely gained through several years of prior analytical or related experience with a leading financial institution, consultancy or regulatory body. Strong communication skills in English, both written and oral, are essential. In addition, you will be expected to demonstrate a strong academic background. The position is London based and involves travel throughout Europe as well as to New York.

We offer an exciting and rewarding career path, along with a competitive salary. Enquiries are kept strictly confidential.

Please send resumé, with details of current salary, to:
Personnel Director
Standard & Poor's Corporation
18 Finsbury Circus
London EC2M 7BP.

هكذا من الأصل

One rare breed in a quality environment

Consulting Actuaries

The commitment to high quality, effective consulting by KPMG Actuarial Services reflects the philosophy upon which the business has developed. The professionals within the practice provide specialist advice in life and non-life insurance, risk management and pensions at [illegible] very highest level.

A [illegible] *apart? Probably. For* [illegible] *talking* about Actuarial Consultants who are original thinkers, individuals who can resolve complex consulting problems, often [illegible] part of [illegible] multi-disciplinary team.
For while we are very much a distinct business, [illegible] do retain strong links with the accounting and consultancy firm KPMG Peat Marwick and our actuaries in other countries.

With the practice steadily expanding and developing, [illegible] now need [illegible] recruit outstanding actuaries with experience in life [illegible] non-life insurance and pensions. Two of [illegible] specialist pensions actuaries [illegible] based in [illegible] and Manchester.

As a qualified actuary, it is vital that you [illegible] commercially minded and self-motivated.
Far from being daunted by presenting at senior management level, you will relish the degree of responsibility – and [illegible] variety of challenges that go way beyond what you might expect [illegible] within a specialist actuarial practice.

We will provide you with a highly competitive remuneration package, including [illegible] car, together with a relocation package where appropriate.

If you [illegible] to make an active contribution to the development of [illegible] thriving consultancy, please contact Charles Evers; alternatively contact Trevor Crowter (pensions) or John Russell (Insurance) on 071-236 [illegible] or [illegible] enclosing your CV, to Charles Evers, KPMG Actuarial Services, 8 Salisbury Square, London EC4Y 8BB.

KPMG Actuarial Services

Methods & Procedures Specialist

Banking Operations

c.£35,000 Tax Free + Bonus + Benefits **Kuwait**

Our client [illegible] well established [illegible] of the largest retail banks in Kuwait. With business rapidly returning to pre-invasion [illegible] and plans in hand for future growth, [illegible] talented specialist is required [illegible] help the Bank optimise [illegible] manpower, systems and technical resources.

You will analyse the processes and workflows involved in the provision [illegible] banking products and services, recommending improvements in operations [illegible] well [illegible] setting and monitoring productivity standards. A key feature [illegible] your role will [illegible] the redesign [illegible] customer contact jobs within the bank, [illegible] to simplify working practices, improve standards of service [illegible] the most effective [illegible] facilities.

This challenging appointment calls for excellent Organisation and Methods/ Business Analysis [illegible] gained within [illegible] bank [illegible] retail financial services environment. An understanding of computerised financial systems is also required. Of prime importance, though, [illegible] the ability [illegible] initiate change, allied [illegible] above average interpersonal and communication skills.

You will enjoy an attractive negotiable [illegible] free salary, substantial annual bonus and expatriate benefits including generous housing allowance, 40 days home leave with paid air fares, group life assurance and much [illegible].

Please write - in confidence - with full [illegible] details to Ghassan Yazigi, Ref: 1321/2, MSL Group Limited, 32 Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

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c. £45,000 + substantial bonus potential + benefits — *Global Merchant Bank* — *City*

Structured Distribution

Acknowledged as one of the world's leading merchant banks, our client's business strategy has provided record levels of profitability and ROE with activities across advisory services, securities and asset management. The bank is respected for its innovative financing, underwriting and distribution techniques. An internal transfer provides the unique opportunity to join the small talented team distributing multi-product structured assets to an existing client base. Excellent long term career prospects.

THE ROLE

- Core activity at the hub of the bank, distributing high margin assets to bank and non bank investors in the Middle East, U.K., U.S. and select European regions explaining complex transaction structures.
- Contribute to the origination of assets through an in depth knowledge of investors' appetite identifying specific pockets of demand and working closely with the product specialists to deliver financing solutions.
- Build strong client franchise distributing wide range of structured products, both debt and equity, covering emerging markets, trade, leasing and leveraged transactions. Report to the Managing Director in a tight-knit team.

THE QUALIFICATIONS

- High calibre graduate, credit trained, with ideally a minimum of three years distribution experience in the Capital Markets. Exposure to debt and equity transactions and, preferably the use of derivatives in packaging assets.
- Client orientated with the ability to sell concepts and the curiosity to dig beneath the surface of investors' needs. Confidence and maturity to devise own marketing plans.
- Enthusiastic and energetic approach. Optimistic, tenacious and excited by the end objective of achieving a sale. Strong communicator capable of building rapport quickly. At ease in a demanding and constantly changing environment.

London 071-973 0889
Manchester 061-941 3818

Selector Europe
A Spencer Stuart Company

Please reply, enclosing full details, to:
Selector Europe, Ref F7301211,
16 Connaught Place,
London, W2 2ED
071-973 0889

Custody Relationship Officers (M/F)

Our ongoing dedication [illegible] apply the highest possible service [illegible] our established clients throughout [illegible] world means a contineous search for highly skilled professionals in [illegible] competitive custody and operations [illegible].

Candidates should be energetic, imaginative with good communication [illegible] and [illegible] strong client-oriented attitude, commensurate [illegible] the bank's corporate philosophy.

In addition, [illegible] applicants will:
- be aged [illegible] and 35
- be suitably qualified (including [illegible] acquisition)
- [illegible] a working knowledge of the German language
- be fluent [illegible] and written) in [illegible] other major language
- [illegible] the Frankfurt region

An [illegible] remuneration package including full banking [illegible] offered, in [illegible] skills and experience.

[illegible] reply in confidence with a full c.v. [illegible]

[illegible] AG, Personal (Zentrale)
P.O. [illegible] 5223, [illegible] Eschborn/Ts., Germany

Deutsche Bank

WIR LEGEN WERT DARAUF,

MANAGEMENT PARTNER

ZU SEIN.

Veranderungen in Strukturen und Systemen eines Unternehmens zu erreichen – seinen Erfolg zu steigern – ist nicht Einzelleistung, sondern wächst aus der Energie eines fähigen und ambitionierten Teams.

In Deutschland und international [illegible] wir branchenunabhängig Klientenunternehmen [illegible] mittelstän[illegible] aufwärts, konzerngebundene Geschäftsbereiche, [illegible] Verwaltungen und Dienstleistungsorganisationen.

[illegible] wesentlichen Tätigkeitsschwerpunkte [illegible] mehr [illegible] 50 [illegible] liegen in der strategischen und operativen Beratung [illegible]

- Unternehmensstrategie,
- Marketing/Vertrieb,
- Organisation/Informations-Management,
- Technik/Produktion/Logistik.

KLASSISCHE UNTERNEHMENSBERATUNG [illegible] für [illegible] partnerschaftliche Zusammenarbeit auf allen Hierarchie-Ebenen [illegible] Klienten. [illegible] unternehmerisches Denken, fundierte Kenntnisse und praxiserprobte Erfahrungs[illegible] voraus. Beratung hört bei [illegible] nicht nach der Ertragssteigerung auf; die Verbesserung [illegible] Arbeitsstrukturen, die Veränderung von Verhaltensweisen, [illegible] detaillierte Feinarbeit im Tagesgeschäft [illegible] Ort sind eingeschlossen: WIR HELFEN VERÄNDERN.

Vor dem Hintergrund zukünftiger Anforderungen [illegible] europäischen Binnenmarktes und [illegible] internationalen Charakters [illegible] Projekte bauen wir gezielt ein multinationales Team von Beratern auf. Wir suchen deshalb für unser Arbeitsgebiet

Strategische Beratung

technologiebestimmter Unternehmen

einen Strategen mit profundem technologischem Hintergrund, den [illegible] Aufgaben in der prozeß[illegible] Strategieentwicklung für und mit [illegible]ren [illegible] herausfordert. Unser neuer Kollege [illegible]

- Analysestärke mit [illegible] für Perspektiven [illegible] Unternehmersicht verbinden,
- [illegible] und [illegible] die Klientenorganisation von der Analyse zur Realisierung führen,
- gegenüber Unternehmern und Top-Managern geschäftlich überzeugend auftreten können,
- im englisch-deutschen Sprachraum arbeiten wollen,
- 30–40 Jahre alt [illegible]
- und vielleicht [illegible] weitere Fremdsprache [illegible]

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ACCOUNTANCY COLUMN

Testing time for professional demarcation lines

By Andrew Jack

Law is law and accountancy is accountancy, and never the twain shall meet.

THE PHRASE may not have quite the rhythm of Rudyard Kipling's original verse about East and West, but its message stands firm: some observers believe too many accountants and lawyers consider themselves in isolation, and neglect the important links connecting their areas of activity.

The colonial connotations of Kipling's version are also relevant. Yves Dezalay, a French sociologist, likens the contemporary growth in the two professions to the age of empire building. "As with the discovery of colonies, the opening up of new markets gives rise to fearsome appetites for power," he says.

In Europe at least, the big audit firms have led the way, striving to usurp subjects traditionally dominated by lawyers, in an effort to both expand their income and to gain some of the social prestige traditionally given to their rivals.

Only a few areas of practice – representation in higher courts on the one hand, or auditing accounts on the other – are protected by a legal monopoly. Elsewhere the demarcation lines are being increasingly tested.

Dezalay argues that many lawyers – and some accountants – have resisted the great diversification which has been turning their professions into "supermarkets" of business services over the last few years. Should experts leave their "cloisters" to become business people; or will they lose their legitimacy and independence if they do so?

Although he is somewhat short on explanation, he argues that for a long time top European lawyers disdained developing areas of practice like tax law consultancy, which were "progressively appropriated by accountancy firms" as a result. A survey last year suggested that there were 5,600 taxation experts in the top six British accountancy firms, compared with 150 in biggest six City law firms.

There is nothing new in the separation between accountancy and law. Nearly 100 years ago, in 1897, Lord Halsey said: "Accounts are the one subject of which lawyers are supposed to know nothing."

Nowhere are the professional walls more strongly constructed and maintained than in academia. According to a study in 1989, only nine of 24 British university law faculties surveyed covered accounts in their courses on company law!

An attempt to redress the balance is made in a series of academic articles just published in a special edition of, significantly, a law journal*. It contains eight pieces written by academic lawyers and accountants attempting to write for those beyond their own specialist audience, as well as the one by Dezalay as an outsider looking in.

"The issue seems less a matter of how existing boundaries will be re-marked, more a question of whether accountants and lawyers will remain discrete professional groups," writes the general editor of *The Modern Law Review* in a somewhat ambitious preface.

The emphasis on techniques in general and quantification in particular, and the drive by accountants to establish themselves as a separate profession from the law, has led to a clear segregation in Britain which finds parallels in many other countries.

The two editors of the special issue, both from the London School of Economics, are acutely aware of these boundaries. Judith Freedmam is senior research fellow in company and commercial law, and Michael Power is a lecturer in *the department of accounting* and finance.

Freedman says that many of her law students have a real fear of figures. "One of the first questions they ask me before enrolling for my course on taxation is whether they will have to deal with numbers."

At the same time, Power argues that accounting students learn the computational side of tax, for example, with little reference to case law. They tend to study law as simply one of a range of specialities, giving it brief and often over-simplified treatment.

"Legal concepts may be missing and a deeply entrenched attitude to law as a set of tedious technicalities to be learned by rote may have been instilled by the educational system," the two academics warn in their introductory article in the journal.

The gaps in students' knowledge may later be filled through continuing education courses or once they enter employment with a practice. But Freedman and Power suggest that there are increasing incentives to exaggerate the differences between accountancy and law later in life. Lecturers may try to enhance their own skills by emphasising their "elite knowledge" of an alien subject; at the extreme, they may be essentially marketing themselves or the expertise of their firm.

The situation is not the same everywhere. In Germany, accountancy is still firmly dominated by law. In the US, law firms have grown and diversified far more than their European counterparts, and are strong in tax work. Even in the UK, accountancy is historically largely a by-product of the law and its processes, as Christopher Napier and Christopher Noke, two other contributors to the journal, point out.

Even so, the emphasis on techniques in general and quantification in particular, and the drive by accountants to establish themselves as a separate profession, has led to a clear segregation in Britain which finds parallels in many other countries.

Accountants often tend to see the law as providing inflexible constraints, say Freedman and Power, while lawyers see it as a way to inject certainty and objectivity into areas too important to be left to subjective judgment.

In the view of Doreen McBarnet and Christopher Whelan, authors of another article, lawyers tend to be "rule followers", "rule preservers" and "interested in rights in something and against somebody", attitudes reflected in the stance of their professional bodies. Even though accounting standards are not rigid rules, lawyers tend to interpret them as statutory provisions.

Accountants, on the other hand, are more likely to see the law as a technical matter which can be changed if necessary. The law may be supportive, but they certainly do not consider it as the sole determinant of accounting policy.

In the past, lawyers have been willing to leave much of the detail of accounting regulation to the accountants. Many of the concepts embodied, such as the "true and fair view" accounts are supposed to give, have barely been tested in the courts.

In the future, Freedman and Power suggest this is all likely to change. The growing complexity of financial markets and their associated regulation is only one example of how accountancy and law are becoming more inter-disciplinary. The Accounting Standard Board's philosophy on financial reporting will add to the tensions between the professions, they argue.

Overcoming the barriers will be rather more difficult. Nevertheless, now that the Orient meant by "East" in Kipling's original verse has come to be associated with the ossified and isolationist Communist regimes, no doubt both accountancy and law would rather be associated with the "West". The journal makes a tentative step to help the professions move in that direction.

**The Modern Law Review*, vol 54, no. 6. *Law and accountancy special issue*. *Basil Blackwell, Oxford. £12.25.*

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St Peter's Hospital, Chertsey has recently been awarded NHS Trust status. With £37M of service contracts it is the major provider of acute health care for NW Surrey. As a Trust, the hospital will be able to build upon its existing reputation for excellence as it seeks to become acknowledged as one of the country's leading General Hospitals.

To help meet this challenge an enthusiastic and ambitious person is required to lead and develop the finance function as an executive member of the Trust Board. Reporting to the Chief Executive, he or she will also take responsibility for business development and information functions. A key task will involve managing existing contracts and seeking out new opportunities for service growth, thus increasing the revenue potential of the Trust.

Candidates will be qualified accountants with several years' experience at a senior level in a large organisation, looking for a major career move. An understanding of the application of modern commercial accounting and IT procedures to an NHS environment will be crucial to success in this role. Candidates without NHS experience must therefore be able to demonstrate an ability rapidly to assimilate an unfamiliar and complex culture. Experience in business planning and marketing is also highly relevant.

Benefits package includes subsidised lease car and relocation assistance.

Interested candidates should forward a comprehensive curriculum vitae quoting Ref: 1201 to **Diane Forrester ACA, Michael Page Finance, Executive Selection Division, Page House, 39-41 Parker Street, London WC2B 5LH.**

MP
Michael Page Finance
Specialists in financial recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Financial Controller

West Midlands — *c.£35,000 + car*

Our client is part of a £2.5 billion turnover international group and a market leading supplier of automotive parts. It is a major contributor to corporate profitability through a worldwide distribution network. They seek a Financial Controller who, reporting to the Financial Director, will work closely with the Managing Director to provide him with the information needed to control a £430 million turnover business. Likely to be in the age range 28-35 he or she will:

- be a graduate with a recognised accountancy qualification or an MBA with experience of line accounting.
- have had a minimum of 6 years experience in industry/commerce including operational responsibility for accounting and management reporting in a medium sized company or operating unit.
- have developed good commercial skills with initiative and an ability to communicate at he highest levels of management.

This is a senior management appointment and success in the post could lead to a financial director appointment within the Group. A competitive package includes some assistance with relocation where appropriate.

Write in confidence to **John Gregory, Search and Selection Division, Breckenridge Consultants Limited**, Charter House, 426 Avebury Boulevard, Central Milton Keynes, MK9 2HS demonstrating your relevance clearly and quoting reference 136/FT.

BRECKENRIDGE CONSULTANTS • LIMITED

UK Controller

SOUTH BUCKS/HERTS

Circa £30,000 negotiable package + car + share options

A US company involved in developing and marketing distributed computing software and services is seeking to expand its operations in Europe and the UK. This has given rise to an exceptional opportunity to become part of a fast moving, high growth business.

As part of the management team successfully building and developing the business, you will set up effective systems and controls and be responsible for the preparation of all financial information including reporting to the US.

You will act as Financial Advisor to the Managing Director and make a significant contribution to business planning and taxation.

An ambitious qualified accountant with a minimum of two years' PQE, you have the potential to grow with the company and the ability to achieve results in an unstructured environment. A 'shirt sleeves' approach and high level computer literacy will be essential and a knowledge of US standards and reporting would be useful.

If you are interested in this high-profile and challenging role, fax or send your CV, including salary details, to Andrew Cook, Resource Selection, 36–40 Liverpool Road, Luton, Beds. LU1 1RS. Telephone Number: 0582 422472. Fax Number: 0582 415868 — Ref: AJC/69

هكذا من الأصل

Group Financial Controller

Hemel Hempstead

c.£42,500 + car + benefits

Our client is a medium sized publicly quoted PLC, whose subsidiary companies design, manufacture and market products used widely within the commercial sector. Business growth is planned both organicly and by acquisition in the UK and Europe.

The company wish to appoint a Group Financial Controller to join their highly motivated head office team. Reporting to the Group Finance Director and heading a small staff, responsibilities include financial management of subsidiary reporting and budgetary control, statutory accounting/related fiscal requirements and acquisition evaluation/integration.

The appointee will be a qualified Accountant with strong technical and systems skills developed in a high quality employment background. Candidates ideally aged early to mid 30's should be self-motivated with strong leadership and management qualities, good financial/commercial judgement and the ability to compliment a highly regarded management team.

Please write enclosing a CV to John Sheldrake at John Sheldrake Associates, 47 High Street, Little Abington, Cambridge CB1 6BG. Tel: 0223 893910. Fax: 0223 893901.

John Sheldrake Associates
Executive Search & Selection

FINANCE DIRECTOR - DESIGNATE

F.M.C.G.

WEST LONDON — c. £45,000 + CAR

This young and rapidly expanding group has continued to see sustained growth during the last five years through diversification into specialist niche food manufacturing markets both in the UK and Europe. They are now looking to recruit a key individual to play a vital role in the company's future development.

Reporting to the Chairman, you will be responsible for all aspects of financial management, strategy formulation and systems development.

This individual will also be involved with the implementation of strong financial controls over the Company's expanding European operations.

The successful applicant will be a qualified accountant aged between 30 - 40 with strong technical and analytical skills. The ability to work at board level and to liaise throughout the group are of great importance, and you will be expected to have a hands-on approach to all operational and financial matters.

The package will include a company car, pension and private medical insurance. It is anticipated that the successful candidate will be promoted to the Board within six months.

To discuss this opportunity further, please write enclosing a detailed CV to Giles Daubeney at **Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP. (Fax 071-915 8714)**

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS ANTWERP AMSTERDAM

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Derivatives Product Control

Outstanding Remuneration Package

Credit Suisse Financial Products, a UK Bank rated AAA/Aaa, is renowned for its innovation in the global derivatives market and for the quality of its professional staff. Continued expansion and transfers from Product Control into the front office have created the need to recruit two high calibre ACA's with derivative product experience.

Equity/Commodity Derivatives

Qualified ACA, 28-35, with first class technical skills and strong management ability to lead and develop the existing team of 6 professionals. From 2-5 years' experience within a sophisticated financial institution is a prerequisite.

Fixed Income/FX Derivatives

Qualified ACA, 25-30, with 1-2 years' experience ideally of swaps and other derivative products. Must have the numeracy and analytical skills to understand complex structured products and their associated risks.

These roles provide genuine opportunities to work alongside traders and business managers who expect high level analytical support to enable profit maximisation and control of risk. Opportunities to progress within this highly profitable organisation are superb for candidates who are gifted, hardworking and ambitious to succeed.

Interested candidates should contact Suzie Mummé at BBM Associates Ltd (Consultants in Recruitment) on 071-248 3653 (081-673 2549 evenings/weekends) or write, sending a detailed CV to the address below. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ — BBM ASSOCIATES — **Tel: 071-248 3653 Fax: 071-248 2814**

Management Accountant

W. Midlands — c£28,000 negotiable + Car

Our client, a Birmingham based, highly specialised unit of a major UK plc, *is seeking an individual capable of fulfilling a high profile management* accounting role in a sales orientated and technically complex business where timely and accurate management information is of paramount importance.

As a vital member of a tightly knit finance team, you will be responsible for providing business support to senior management in the form of financial analyses, budgets and forecasts, appraisals and systems enhancements. In this context, you will represent the operation's financial interests, both internally and externally, gaining frequent exposure to key decision makers.

Candidates should be commercially astute accountants with 1 to 3 years' pqe, gained preferably in a sales driven or service related environment. Essential attributes include a lively mind, well-honed analytical skills and a dynamic, assertive personality. The ability to operate autonomously whilst retaining a flexible, team-spirited attitude is a prerequisite. The group as a whole offers excellent scope for long-term career development.

Please write, in confidence, enclosing full career and salary details, to Tim Knight, quoting reference 5649/10/F.

KPMG Selection & Search

2-3 Dorset Rise, Blackfriars, London EC4Y 8AE

ACCOUNTING MANAGER

Financial Services

M25 – South — £36,000 + bonus + car

This is a challenging opportunity for an experienced accountant seeking management responsibility in a progressive international group. With a flourishing network of branches throughout the UK, our client is now expanding rapidly overseas. During this period of growth, top quality management information and control are essential and the role of Accounting Manager is therefore particularly high profile.

Leading a team of fourteen staff and liaising closely with senior executives throughout the group, the successful candidate will be responsible for controlling a high volume of group expense information. This will entail producing regular management reports, helping analyse the performance of the individual branches and developing controls to enhance the commercial quality of the data generated.

Applicants must be qualified accountants with an established record of leadership and the ability to motivate a diverse group of people. They should have well-developed management accounting skills gained in a multi-site commercial environment and be able to demonstrate initiative and business acumen.

Whilst a financial services background would be useful, it is not essential. What we are looking for, however, is an individual who is self-assured and credible at the highest levels, with the commitment and skill to make an impact during this exciting period in the company's development.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L629.

Egor Executive Selection
58 St. James's Street
London SW1A 1LD (071-629 8070)

EGOR EXECUTIVE SELECTION

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain · Sweden

Financial Positions In A Moscow Joint Venture

This joint venture between a prominent UK multinational and a Moscow state authority has enjoyed tremendous success – a record which will be enhanced by impressive expansion plans. These positions will be based in Moscow and offer an exciting opportunity to be part of the changing face of Russia.

Finance Director

c £55,000 Gross, Plus Benefits

Reporting to the Managing Director your contribution will be across the whole spectrum of the business rather than in purely financial areas. You will build an overall financial strategy which will continue the venture's success and facilitate its expansion. The introduction of international accounting best-practice as well as familiarisation with Russian law and financial practices, will be key elements. Aged 30 or more, you must be a fully qualified accountant with experience of joint venture or start-up finance. You will be fluent in Russian with a high level of business acumen. Experience in Eastern Europe is preferred. *Ref:* M19093/FT.

Accountant

c £35,000 Gross, Plus Benefits

As part of the Operations team you will design, implement and control management accounting systems to enable effective and efficient management of the business. Key elements will be the introduction of micro-computer based financial reporting and the production of financial results in UK format, from local records. Aged 30 or more, you will be a qualified accountant with overseas experience embracing both management and financial accounting. Fluent Russian would be an advantage. *Ref:* M19094/FT.

Both positions offer an attractive salary backed by overseas allowances. In addition, furnished accommodation will be provided (single or family) with company car, pension, private health facilities and regular visits home.

Male or female candidates should submit in confidence a comprehensive c.v. to: J. *Morrison*, Hoggett Bowers plc, *St. James's Court*, 30 *Brown Street*, MANCHESTER, M2 2JF, 061 832 3500, Fax: 061 834 8577, *quoting the appropriate reference.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, LEEDS, LONDON, MANCHESTER, NEWCASTLE, WINDSOR and EUROPE

The European Patent Office

is an international organisation with 14 member states, which currently employs some 4000 staff at its headqurters in Munich and at offices in The Hague, Berlin and Vienna.

The organisation has its own pension system, supported by a Pension Reserve Fund, in part externally managed, which is now worth close to DM 1 billion and still growing. It is to administer these resources that we are now looking for an experienced and successful

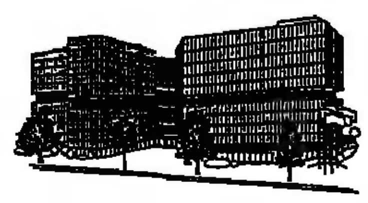
FUND MANAGER

to assume the day-to-day running of the fund, assisted by a deputy manager and a small staff unit. He/she will be closely involved in planning investment policy and defining related strategies, as well as having regularly to monitor and report on the fund's performance.

The successful applicant will be a national of a European country and possess a University degree or similar qualification (e.g. MBA), having already acquired considerable experience within a major financial institution or multinational corporation. A proven track record, preferably in pension fund management, is essential, as is complete mastery of one of the 3 official languages (English, French, German) of the organisation and an ability to work effectively in the other two.

The contract of employment foresees tax-free remuneration commensurate with the importance of the appointment, together with accompanying benefits. Application forms, to be returned by 20 December 1991, are obtainable from:

The Principal Director, Personnel Department,
European Patent Office,
Erhardtstrasse 27, D-8000 Munich 2,
Tel. (Munich) 2399-4318, Fax: (Munich) 2399-2706.



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appears every Wednesday & Thursday & Friday (international edition only)

For further information please call

Richard Jones
071-873 3460

Teresa Keane
071-873 3199

Alison Prin
071-873 3607

Phillip Wrigley
071 873 3351

FINANCIAL CONTROLLER

Fast-moving Computer Company

Package c£50,000 + Car

West London

Our client has become a dominant force in the marketing and sale of the new generation Unix workstations – a market currently growing at 50% per annum.

With a blue chip and international financial institution client base, their outstanding profits, balance sheet and growth record are backed by quality management and a continuing commitment to customer service and technical support.

Reporting to the MD, the Financial Controller will influence the strategy and development of the business as well as managing all aspects of finance, accounting and controls within the company. Appointment to the Board is anticipated in due course.

For this demanding and challenging opportunity the successful candidate, a graduate chartered accountant (27-33 years), must possess high levels of commercial judgement and strategic vision as well as technical, management and communication skills – preferably gained in a sales environment.

If you feel you have the qualities to succeed, contact **John Bowman on 071-387 5400** (out of hours on **0474-874473**) or write to him quoting reference JB100 655.

FINANCIAL SELECTION SERVICES

DRAYTON HOUSE, GORDON STREET, LONDON WC1H 0AN.
TEL: 071-387 5400. FAX: 071-388 0857

whitehead*selection*

Finance Director

Consumer products manufacturing

North West

c £55,000 + share options + car

A subsidiary of a profitable and progressive British plc, this £100m turnover company manufactures and distributes branded products for the UK and export markets. *One of the leading names in its sector, it has significant potential for profit* enhancement through increases in market share and reduction of the cost base to ever more competitive levels.

Reporting to, and working closely with, the Managing Director, you will have full responsibility for financial direction and control of the business. A positive and creative contribution to the commercial development of the company is expected. Managing a medium-sized finance and systems function through a period of considerable change is an important aspect of the role.

You will be joining a young, dynamic executive team, where high intellectual calibre and first-class interpersonal skills are prerequisites. A graduate aged mid 30s - early 40s, you must be a qualified accountant, preferably a CA from a leading professional practice. Demonstrable success in a senior financial management position with a sophisticated manufacturer of consumer products is essential.

Strong commercial awareness must be complemented by good leadership and teambuilding skills and an action-orientated style. Interesting career opportunities within the group have been identified for the really able performer. (Ref: 2121)

Please write with CV to Stuart Spindler, Whitehead Selection Ltd, Blagrave House, Blagrave Street, Reading RG1 1QA.

A Whitehead Mann Group PLC Company

*whitehead*selection

FINANCIAL DIRECTOR

A dynamic new venture with firm foundations

£40,000 + car + performance bonus — ***Nr Chester***

The efficient management of waste is becoming more and more vital in today's consumer-led society.

At 3C Waste, an 'arms-length' Limited Company of Cheshire County Council, we already have an impressive customer base and are poised to build rapidly on our projected first year turnover of *£12 - £15m.*

With sound financial backing, we are now seeking a *Financial Director to take a* proactive role at Board level. You will help *to* establish and drive our business forward, exerting a major influence on its strategic direction.

Key tasks will be to:

- *develop and control the company's total* finance function, including setting-up accounting systems;
- instigate effective management information systems for all aspects of the business;
- *undertake financial appraisal of* potential business expansion opportunities;
- work closely with the Managing and Technical Directors to maintain the confidence of the shareholders.

As a *qualified* accountant, you should have substantial private sector experience gained at senior management level, possess excellent *detailed financial* management skills and be able to display considerable *commercial* acumen.

In addition to the quoted salary, car and performance bonus, we offer relocation assistance where appropriate and further benefits expected of a major organisation.

To find out more call Bill Cogle, Director on 061-834 4191 (office hours) or 0484 655937 (evenings and weekends 7.30 -9.30pm); alternatively write to him with full CV at Austin Knight Consulting, Ref P.427, 98 King Street, Manchester, M2 4WD.

3C WASTE

FINANCIAL CONTROLLER

North East — **to £35,000, car**

To join a division of one of the principal UK subsidiaries of a respected European group, producing branded consumer products in substantial volumes for price sensitive consumer markets. This influential appointment requires a major contribution to be made at a time of significant *change, not only in the overall control of the* finance function, commercial interpretation of the prepared information and development of control systems, but also regarding inventory management, product costing and profitability contribution analysis. Candidates will be qualified ACMA, aged over 30 and preferably graduates, with a direct 'hands on' managerial *style developed within a multi-process* manufacturing environment, ideally able to demonstrate their valued contribution to the successful turn round of a high volume business.

Please forward in absolute confidence a full curriculum vitae to Adderley Featherstone plc, The Grainger Suite, Dobson House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3PF. Tel: 091 284 2213. Fax: 091 285 1137.

ADDERLEY·FEATHERSTONE plc

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FINANCE DIRECTOR

Required by Bruxelles based International Investment Company with an impressive record of growth has plans to build on this success over the next few years.

The successful candidate will liaise directly with the Chief Executive and play an *important role* in the management and future development of the Group. Responsibility will be for all *corporate financial* management, taxation and treasury matters and *together with the Chief Executive for relations with* institutions worldwide.

Aged 38-50 candidates should be graduate Chartered Accountants with experience and a proven track record at Director level in an international company. A second European language would be an asset.

If you think you have the necessary qualifications and experience please send a full c.v. quoting ref. KR to Box A1705, Financial Times, One Southwark Bridge, London SE1 9HL.

HIGHFIELD INTERNATIONAL

Helping you map the way ahead

COST ACCOUNTANT

East London: To £25,000 + Car

A WORLDWIDE GROUP OF COMPANIES WITH CONSISTENT GROWTH THROUGH THE LAST DECADE IS LOOKING FOR AN OUTSTANDING COST CONTROLLER.

REPORTING TO THE EUROPEAN FINANCE DIRECTOR, YOU WILL INTERFACE WITH SENIOR MANUFACTURING MANAGEMENT TO DEVELOP, PROPOSE AND IMPLEMENT SYSTEMS OF COMMON MANUFACTURING PERFORMANCE MEASUREMENT AS WELL AS PROACTIVELY HIGHLIGHT OPPORTUNITIES FOR COST REDUCTION.

YOUR PROFESSIONAL BACKGROUND WILL INCLUDE A FORMAL ACCOUNTANCY QUALIFICATION AND THREE YEARS' MANAGEMENT REPORTING EXPERIENCE IN AN FMCG MANUFACTURING ENVIRONMENT. YOU WILL PROBABLY BE 25 - 32 YEARS OLD LOOKING FOR RAPID CAREER PROGRESSION.

FOR FURTHER INFORMATION PLEASE PHONE RICHARD WESTWOOD ON (0635) 33923 OR SEND A CV TO:

HIGHFIELD INTERNATIONAL,
1, LONDON ROAD, NEWBURY, BERKSHIRE RG13 2JL
TELEPHONE: (0635) 33923 FAX: (0635) 33837

Plant Controller - Financial

South Wales

The plant is part of the UK division *of a successful and respected multinational*. Turning over circa £100 million by supplying blue chip customers with precision engineered mechanical *components necessitates financial management* of the highest calibre.

Reporting to the company Financial Director you will be a key member of the Plant Executive managing a department *responsible for providing a comprehensive financial service* to the business and producing relevent forecasts and reports to tight deadlines.

Technical competence across both financial and management accounting disciplines is *obviously* essential but the emphasis will be on your managerial expertise and commercial acumen. We anticipate that you will have developed your skills *in* a similarly complex manufacturing environment where multi million pound investment in new products and capital is commonplace.

The role offers scope and challenge in the short/medium term and groupwide promotion prospects longer term. They offer a substantial, negotiable base salary, a significant bonus potential, and the usual benefits associated with a position of this seniority. A relocation package is available.

OPUS CONSULTING

To apply please telephone Robert Edwards or Julie Midwinter on (0792) 651533 or write enclosing full C.V. to OPUS Consulting Limited, 1st Floor, 101 Walter Road, Swansea, SA1 5QF. Fax (0792) 651534.

Chief Internal Auditor

London — ***£25,461***

SCF is the UK's largest international voluntary agency in its field with programmes in some 50 countries and a well established project base in the UK. To finance our work, we depend upon support from the general public, volunteers in over 800 local branches in the UK, the corporate sector, local authorities and central government.

The Internal Audit section is responsible for the financial and operational audit of the whole of the Fund's activities worldwide. As Chief Internal Auditor you will be responsible for planning and controlling the work of the section, also carrying out financial and operational audits both in the UK and overseas.

A qualified accountant (ACA, CACA or equivalent) with at least 6 years experience in internal or external auditing, you will have excellent interpersonal skills. These will include the ability to communicate effectively with staff at all levels showing tact and flexibility at all times. An understanding of and commitment to the proactive role of internal audit in operational/value for money auditing is essential.

This position provides an unique opportunity to direct the work of Internal Audit in this high profile organisation. Regular travel will be involved, both in the UK and overseas.

For an application form please write to Jane Williams, SCF, 17 Grove Lane, London SE5 8RD.

Closing date: 20th December 1991.

SCF aims to be an equal opportunities employer

Save the Children

Required by the

WORLD FOOD PROGRAMME

CHIEF - ACCOUNTS UNIT

at Rome Headquarters

World Food Programme

The world Food Programme (the Food Aid Organisation of the United Nations system) has a vacancy in Rome for the position of Chief, Accounts Unit. Applications would be welcome from experienced, dynamic Accountants who have a university degree in *Accountancy/Finance or Business Administration or who are members of a recognized professional accounting body. Candidates should* have experience in supervising a large number of staff with different cultural and educational backgrounds. Professional experience should include knowledge of a mainframe computerized accounting system and of PC applications. A minimum of seven years of progressively responsible professional experience in accounting, finance or budgetary field, and working knowledge of the English language are essential. *Working experience in the UN system would be desirable.*

The initial appointment will be for three years, with possibility of renewal. Starting salary, depending on qualifications and experience, will be from US$ 57,284 to US$ 77,756 net, tax free, plus allowances, relocation grant, education grant and other benefits of the International Civil Service.

Full Curriculum Vitae should be addressed to: Director of Personnel, World Food Programme, Via Cristoforo Colombo 426, Rome 00145, Italy

Correspondence should be postmarked by 31 December 1991 quoting Vacancy Announcement No. MS-91-10-Ad.

Due to the volume of applications we receive, only those short-listed will be acknowledged.

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appears every Wednesday & Thursday& Friday (international edition only)

For further information please call

Richard Jones
071-873 3460

Teresa Keane
071-873 3199

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Tel: 071-930 5041 Fax: 071-930 5048

INTEREXEC PLC - means much more

REGIONAL FINANCIAL CONTROLLER THAILAND

An opportunity has arisen for a highly motivated financial executive *to join* a shipping and industrial conglomerate operating in Bangkok, Thailand.

The position calls for a dynamic and fast thinking individual with diversified industrial/public accounting experience.

As Financial Controller, you will report to the Executive Director - Thailand. The initial task will be to establish the financial and internal control systems, with responsibilities for financial accounting and analysis, budgeting, treasury, tax planning and management reporting. *In addition,* you are expected to contribute to the growth and development of the company through full involvement in corporate planning, formulation of strategy and monitoring of performance.

To take up this exceptional challenge, you should be a chartered accountant or equivalent with a recognised university degree and have 8-10 years of financial management/public accounting exposure, *preferably* gained with a multinational shipping company or shipyard. Previous related working experience in the Far East is preferably. Leadership skills, conceptual thinking, a high degree of maturity and initiative and the ability to work independently are essential personal attributes as are excellent written and spoken communication skills in English.

A competitive remuneration package and expatriate terms plus generous fringes including free housing, company car, home leave, provident fund, etc. together with good future career opportunities for progression will be offered to the right candidate.

Please send in strictest confidence detailed resume with full credential and salary history to the following address asap.

The Group General Manager
Personnel & Administration
International Maritime Carriers Limited
19/F, United Centre
95 Queensway
HONG KONG

Finance Director

North Midlands,

c £35,000, Profit Share, Car

Trading in the sectors of contracting, manufacture and installation of *joinery products* our client company is currently undergoing a substantial development phase. They now seek to recruit a high-calibre finance professional to develop and control the financial and accounting management aspects of their business. The role requires a high *degree of* commercial awareness and participation in the key business and strategic decision making processes.

Likely to be aged over 35 and a Chartered Management Accountant, the successful candidate will:

- have several years experience of management at Board or equivalent level in a substantial company,
- be a *self-starter who is confident in knowledge* and skills and be able to motivate and manage a team of subordinates,
- adopt a 'hands on' approach to the development of systems,
- be highly computer literate,
- have developed and implemented a computerised standard cost system in a manufacturing environment.

Male or female candidates should submit in confidence a comprehensive c.v. to: G.J. *Deakin*, Hoggett Bowers plc, 13 *Frederick Road, Edgbaston*, BIRMINGHAM, B15 1JD, 021-455 7575, Fax: 021-454 2338, *quoting* Ref: B18295/BEM.

Hoggett Bowers

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STEPHANIE COX-FREEMAN 071 873 402

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